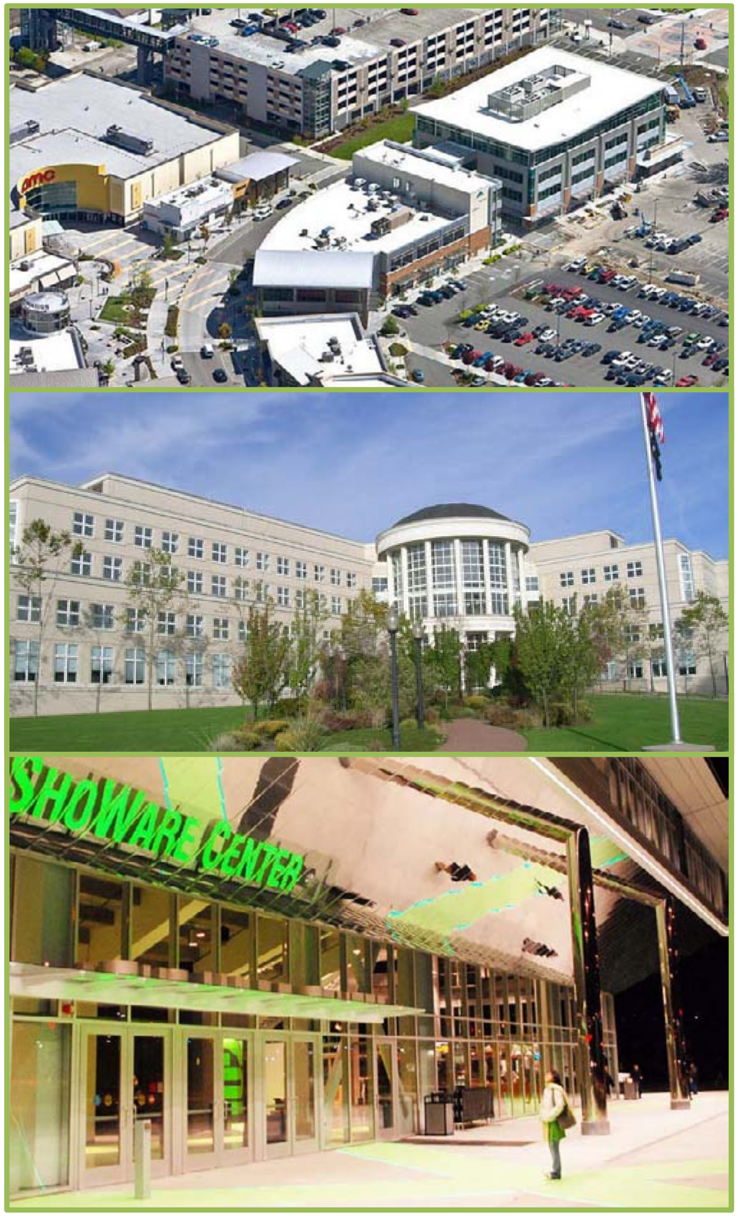

City of Kent
Economic Development

Commercial Profile

March 2012

Introduction

Background and Purpose

The Commercial Profile includes data tables and charts, maps, pictures, and ideas to incorporate into the Kent Economic Development Plan. The commercial profile focuses on retail and services economic activity, employment trends as well as commercial real estate trends. Analysis highlights citywide trends and also focuses on Kent's commercial centers including Downtown, East Hill and West Hill.

Methods

- **Retail sales analysis** is based on taxable retail sales data from the Washington State Department of Revenue and consumer expenditures data from Claritas Inc.

- **Demographic and ethnic trend analysis** uses the latest US Census and American Community Survey data.

- **Economic analysis** draws from covered employment data and custom data requests supplied by the Puget Sound Regional Council as well as Hoovers.com.

- **Commercial real estate trends assessment** leverages data from the King County assessor and regional real estate market data providers such as CBRE, Dupre + Scott and others.

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Retail Sales Trends
and
Trade Capture Analysis

Citywide Taxable Retail Sales

Findings

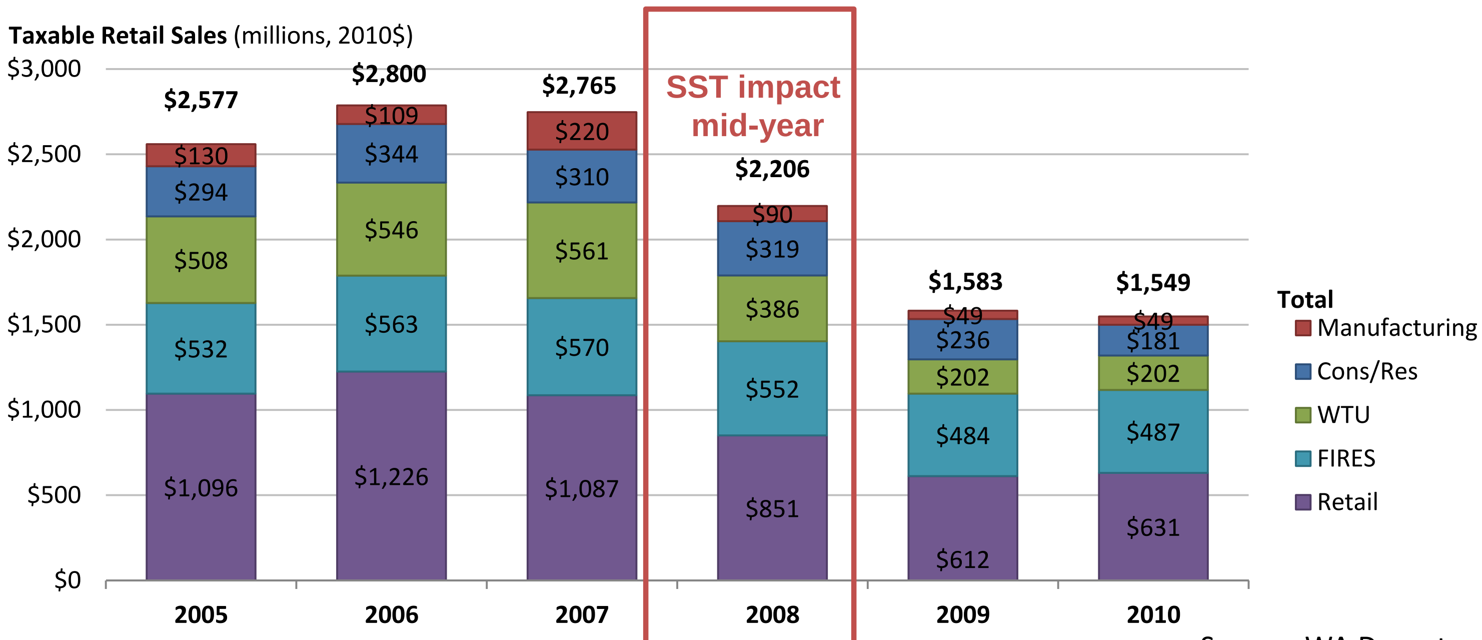
- Taxable retail sales in Kent totaled $1.5 billion in 2010, down slightly from 2009.
- Kent's change in taxable retail sales in recent years is attributable to two factors: 1) changes in sales tax reporting that records the sale based on the destination rather than the origin (streamlined sales tax or SST) and 2) the economic recession. Both happened in summer of 2008, therefore understanding the impacts of these changes in isolation is difficult.
- Impacts of SST appear most noticeably in the Wholesale, Transportation and Utilities (WTU) sector, which now records sales based on the destination of delivery rather than the origin. WTU taxable retail sales declined from $561 million in 2007 to $202 million in 2010.
- General retail sectors account for about 40% of total citywide retail sales in 2010 compared to 45% for King County.

Relevance to Economic Development Goals

- Some real estate and developer stakeholders shared a need for more large anchor tenants such as a higher-end grocer like PCC or Trader Joe's.
- Stakeholders cite the Puget Sound region is currently over-retailed and slow absorption is expected.

Exhibit 1

Kent Retail Sales by Sector, 2005-2010 (millions 2010$)



Source: WA Department of Revenue (2011)

Citywide & Downtown Consumer Taxable Retail Sales

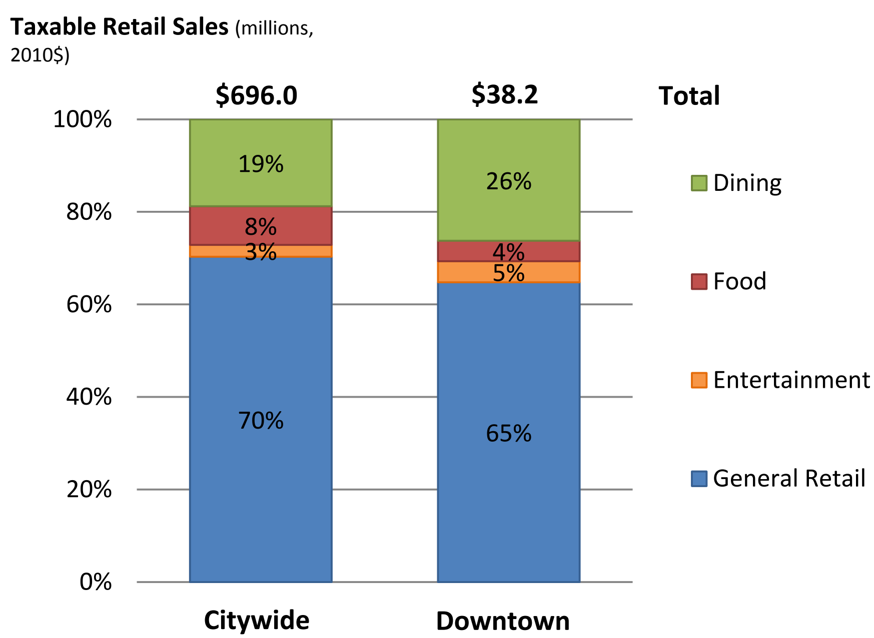
Findings

- Downtown Kent recorded $38.2 million in consumer taxable retail sales in 2010, representing 5.5% of the $696 million citywide taxable sales.
- A comparison between Downtown and citywide retail sales data demonstrates that the Downtown area draws a larger share of retail sales in the Dining and Entertainment sectors, which is to be expected.
- Conversely, citywide trends show a stronger share of General Retail and Food compared to the Downtown area.

Relevance to Economic Development Goals

- Stakeholders across businesses and industries consider Downtown a priority and support efforts to establish it as an active residential, retail, entertainment and commercial hub.
- A strong marketing campaign can reposition Kent's image and increase business and consumer awareness of its assets.
- Kent Station Shopping Center is a discretionary spending center. Therefore, the national economy is a key factor in its growth.

Exhibit 2
Citywide and Downtown Kent
Consumer Retail Sales Profile, 2010



Consumer Retail, in this exhibit, excludes Motor Vehicle sales. Dining and Entertainment are included as Services (included in FIRES) in Exhibit 1.
Source: WA Department of Revenue (2011)

Regional Consumer Retail Sales

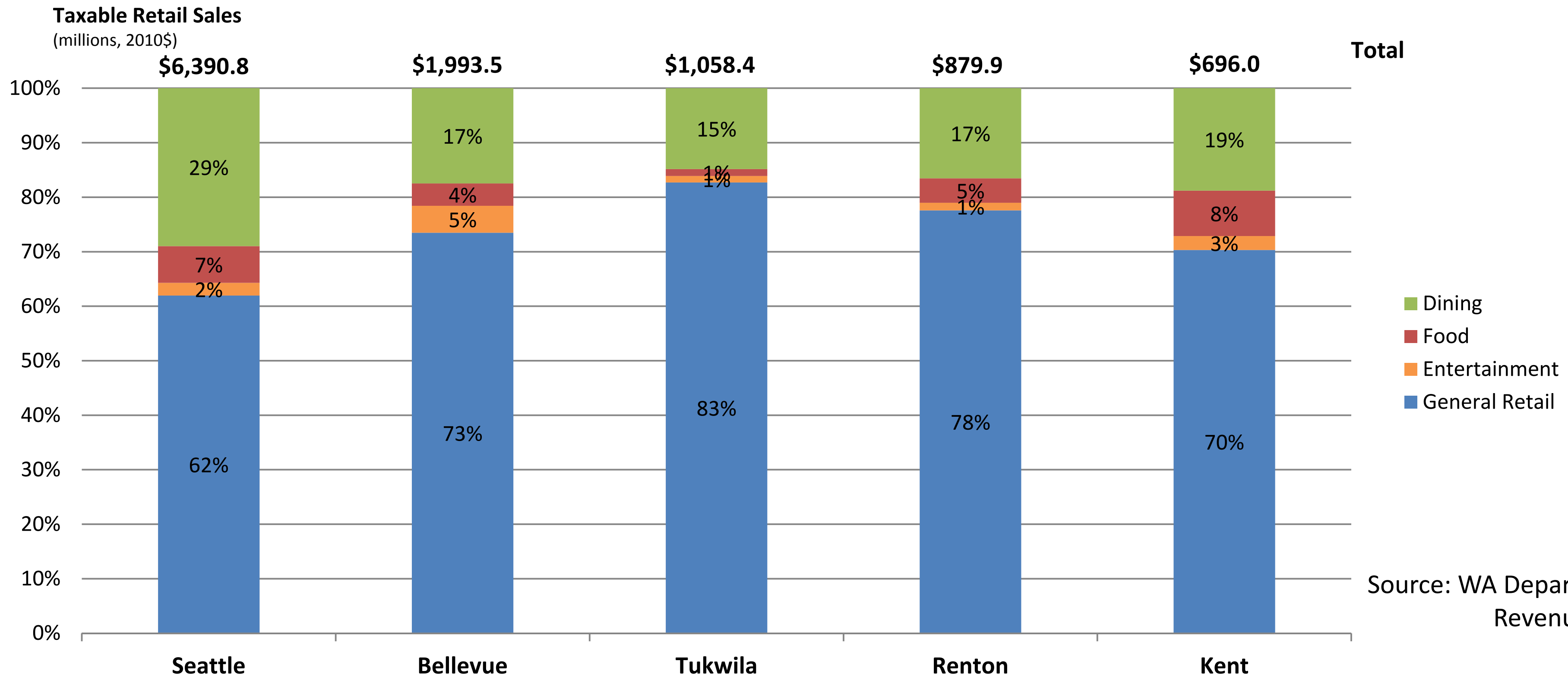
Findings

- Kent shows a similar distribution in sales from Dining, Food, Entertainment and General Retail sectors, as other regional and neighboring cities.
- Kent recorded $696 million in 2010 for the retail sector.

Relevance to Economic Development Goals

- Kent can attract new shoppers by improving on existing retail offerings while expanding unique dining and entertainment options. This, in combination with greater local spending, will increase trade capture.

Exhibit 3
Regional Consumer Retail Sales Profile, 2010



Source: WA Department of Revenue (2011)

Regional Total Retail Comparisons

Findings

- Kent ranks 6th in total taxable retail sales among King County cities. This includes taxable retail sales from other sectors in addition to retail sectors.
- For King County cities with populations of similar size (40,000 to 120,000), Kent ranks 5th out of 10 in retail sales per capita.
- Kent ranks 9th out of 10 in taxable retail sales per capita among cities generating more than $1 billion in sales.

Relevance to Economic Development Goals

- Stakeholders suggested a specialty grocer, a diverse mix of sophisticated arts, culture, sports and entertainment as attraction targets to increase Kent's retail competitiveness in the region.
- Establishing Downtown and Kent Station as regional draws and a destination experience continues to be a priority.

Exhibit 4
Total Retail Sales, Top Ranking Cities
King County, 2010 (billions $)

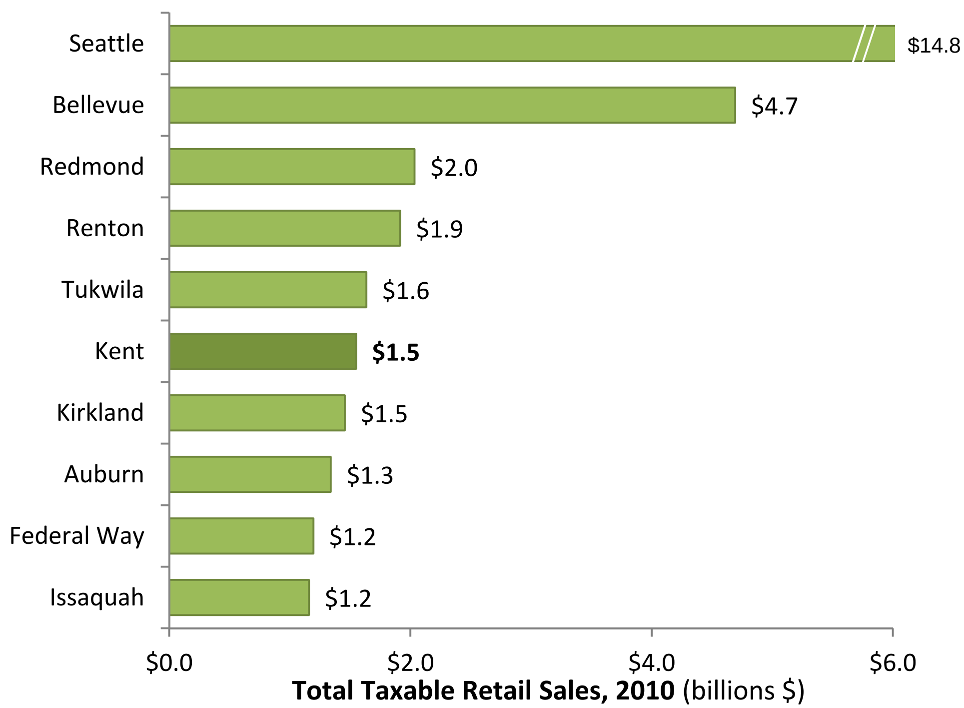
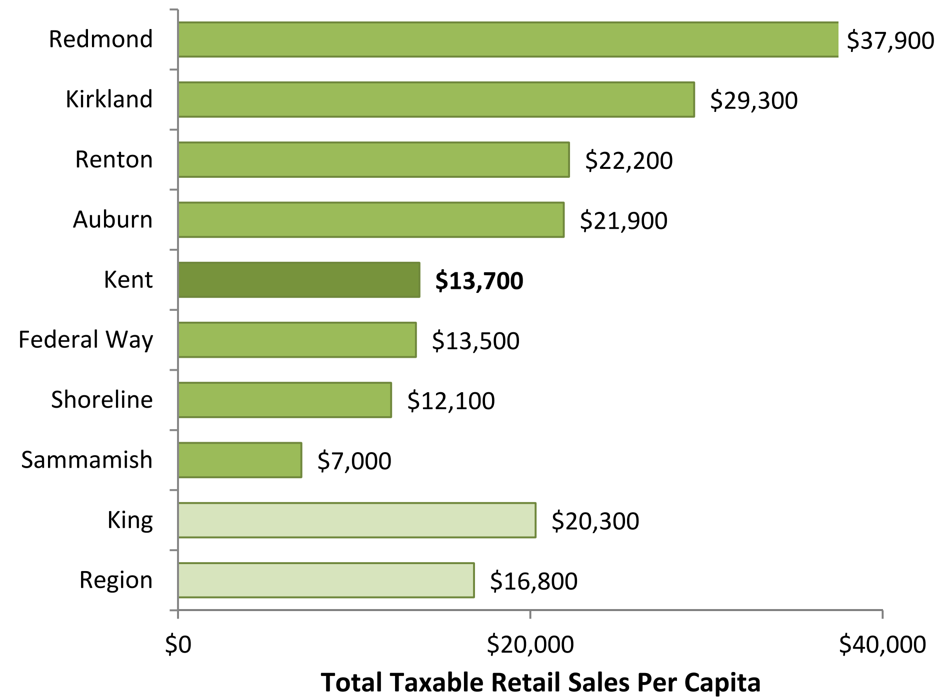


Exhibit 5
Total Retail Sales Per Capita Comparisons in 2010,
Comparable Cities based on Population Size



Source: WA Department of Revenue (2011)

Trade Area

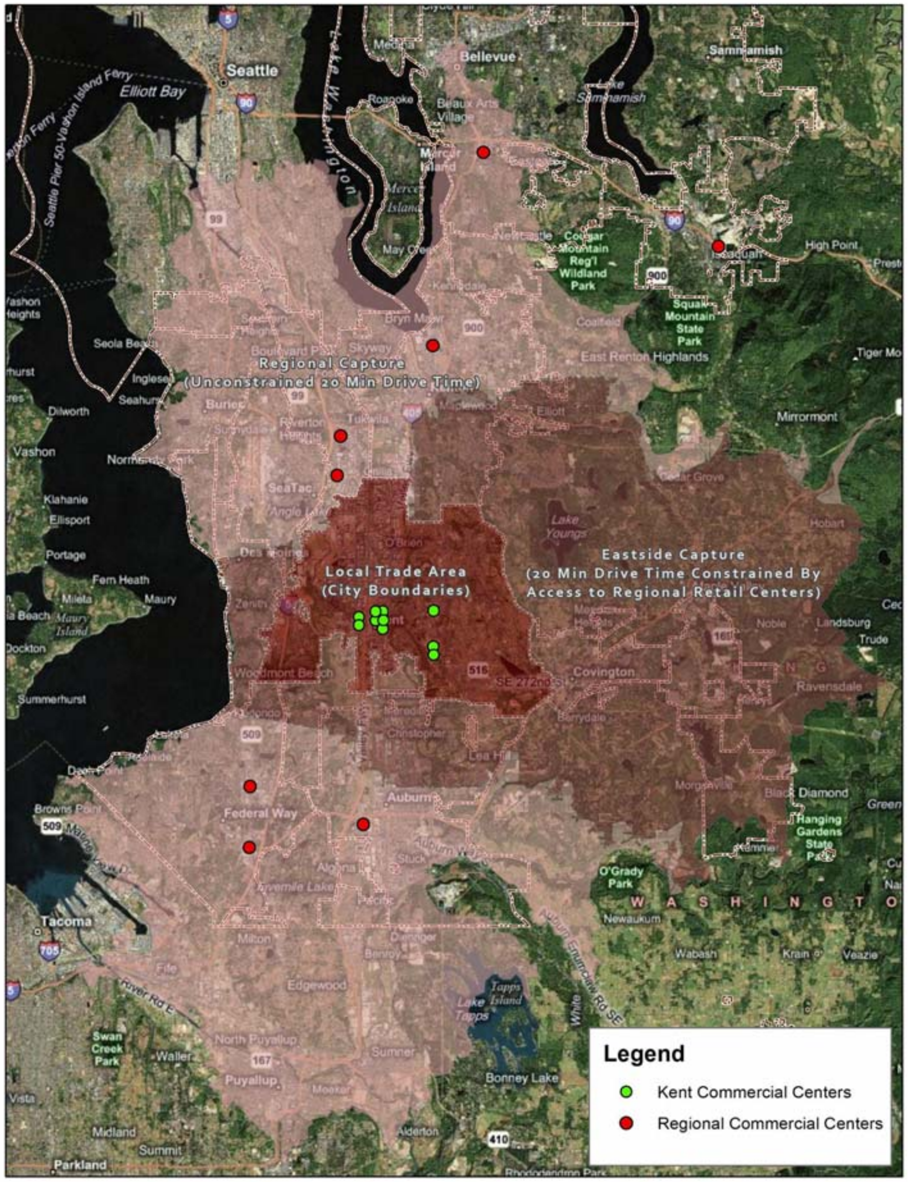
This map shows primary trade areas defined for Kent's retailers. Each trade area is defined to answer the following questions about retail performance and needs:

- **City of Kent**. To what extent is local retail capturing local spending?
- **20 minute drive for residents where Kent is the closest retail destination**. To what extent is Kent retail capturing spending from neighboring residents in Maple Valley, Covington, Black Diamond and others within a 20 minute drive?
- **20 minute regional drive.** How does Kent retail compete within the larger regional retail trade area?

Relevance to Economic Development Goals

- Events, specialty shopping and international assets can be maximized to create a constant flow of new shoppers and attract a demographic with higher spending potential.
- Complementary retailers could bolster existing retailers and increase new shopping such as international markets, beauty/cosmetics, and hobbies.
- Using the consumer retail sales profiles in this analysis, a more detailed list of potential establishments in desired categories could be developed to highlight existing strengths and opportunities for targeted recruitment.
- Older parts of Downtown can connect to Kent Station through marketing and events to allow people access to a diverse range of products and experiences. Providing planned getaways through self-guided walking tours and experience packages make a visit to Kent easy and accessible.

Exhibit 6. Kent Retail Trade Areas



Retail Trade Indexes

Findings

- Retail trade indexes demonstrate segments for which Kent exceeds the four-county Puget Sound region (values greater than 1.0) or trails the region (less than 1.0).
- Kent keeps up with regional averages for spending on Food and Beverage and Home Furnishings.
- Areas of opportunity and below average sectors include: Electronics and Appliances, Health and Drug Stores, Restaurants and Drinking Places, General Merchandise, Arts and Entertainment, Sporting Goods, etc. Apparel and Accessories.
- Kent has an above average retail trade index for Office Supplies (categorized as miscellaneous goods by DOR), and Building and Garden. Streamlined sales tax (destination-based sales tax) doesn't have an impact on general retail goods since most retail goods are purchased on-site.

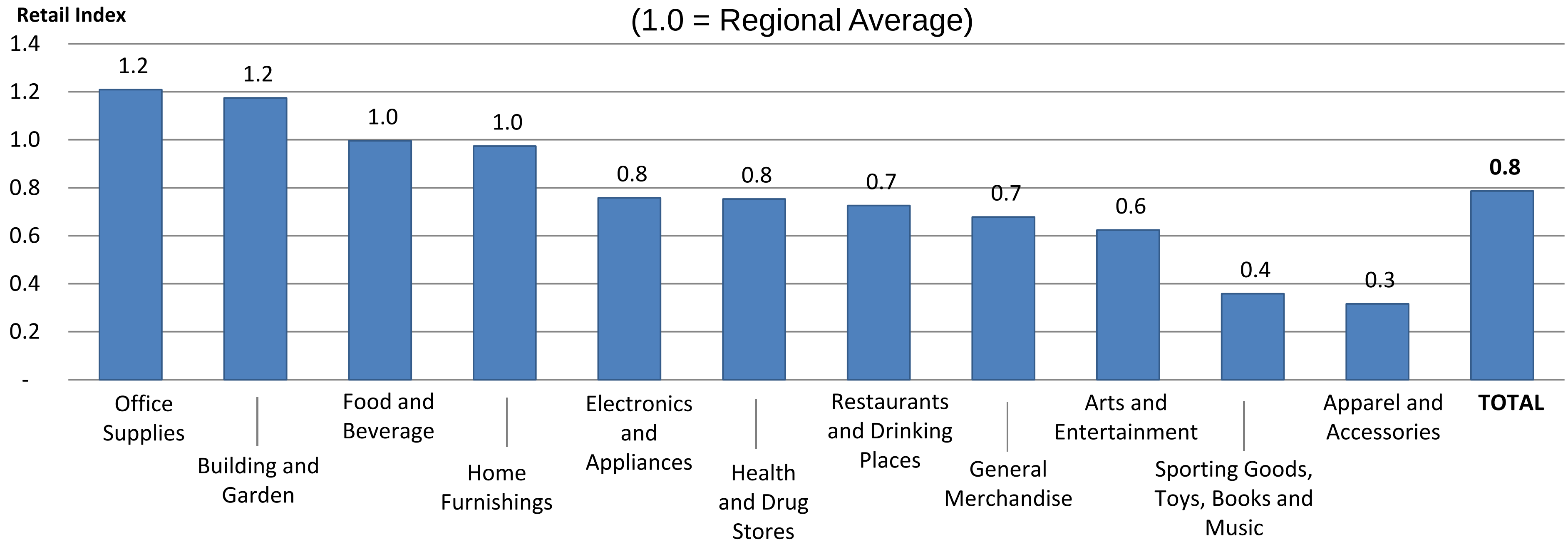
Relevance to Economic Development Goals

- Stakeholders cite quality and selection of restaurants and general retail establishments as a weakness.
- Retail associations can provide assistance to coordinate recruitment efforts and time absorption appropriately.
- Supplementing demographic data with daytime employment data can improve retail demand considerations.

Exhibit 7

Citywide Retail Trade Indexes Based on Kent Population and Sales, 2010

(1.0 = Regional Average)



Source: Community Attributes, WA Department of Revenue (2011)

Retail Sales Leakage

Findings

- Analysis shows that Kent captures surplus spending for some sectors, and experiences leakage for some goods and services. (Positive numbers represent surpluses, negative numbers represent leakage).
- Kent's surplus categories include: Building Materials, Garden Equip & Sales & Office Supplies.
- Food and Beverage, Drug & Health Stores, Electronics and Appliances, and Restaurants and Bars are locally serving for the most part, with some leakage.
- The most leakage occurs in Apparel and Accessories, Arts and Entertainment and Sporting Goods, Toys, Books and Music stores.

Relevance to Economic Development Goals

- Leakage can result for a variety of reasons including: people who work outside of the jurisdiction in which they live spend money during their work day; people spend money at regional commercial centers such as regional malls or auto centers or if they live in a bedroom community and the closest commercial area is outside of the taxing body.
- Targeted business development initiatives can support sectors that are experiencing leakage.
- Understanding specific retail gaps are important for recruitment efforts.
- Businesses in surplus categories may also need support. Learning what they need to continue to grow and their perceptions of their success will inform business development initiatives.

Exhibit 8
City of Kent Retail Sales Leakage by Segment, 2010 (millions $)

Retail Sector	Local Sales Estimate	Citywide Leakage	20 Minute Drive Time Eastside Trade Area	20 Minute Drive Time Regional Trade Area
Apparel & Accessories	$54.2	-$117.1	-$485.8	-$1,390.3
Arts, Entertainment & Recreation	$13.1	-$7.9	-$57.1	-$172.0
Building Materials, Garden Equip & Supplies	$112.8	$16.7	-$208.1	-$749.0
Drug/Health Stores	$78.2	-$25.6	-$240.7	-$831.0
Electronics & Appliances	$57.0	-$18.2	-$174.1	-$573.1
Food & Beverage Stores	$314.3	-$1.3	-$628.8	-$2,308.5
Furnitures & Home Furnishing	$81.2	-$2.2	-$195.6	-$660.9
Office Supplies	$26.9	$4.6	-$45.6	-$169.6
Restaurants, Food Services & Drinking Places	$141.6	-$53.5	-$452.4	-$1,489.6
Sporting Goods, Toys, Book & Music Stores	$25.9	-$46.3	-$208.0	-$599.2
Total	**$909.3**	**-$246.7**	**-$2,692.2**	**-$8,939.1**

Source: Community Attributes, WA Department of Revenue, Claritas (2011)

Retail Trade Capture

Findings

- Kent captures 100% or more of city spending on Building Materials, Garden Equip & Supplies, Food & Beverage Stores and Office Supplies. This means that people from outside city limits purchase these goods in Kent.
- Kent captures less than 40% of city spending for Apparel & Accessories and Sporting Goods, Toys, Books and Music. Neighboring city Tukwila captures above average sales for these goods, and undoubtedly attracts Kent customers.
- Kent captures approximately 25% of total spending for all residents whose closest retail center within a 20 minute drive is Kent Station.
  - Kent captures more than 30% of spending on Building Materials, Garden Equip & Supplies, Food and Beverage Stores and Office Supplies.
  - Kent captures 24% of spending at restaurants and bars.
- Kent captures 9% of retail spending for all residents that live within 20 minutes, regardless of the nearest retail center.

Relevance to Economic Development Goals

- A variety of activities can support retailers:
  - A Retail Business Assistance Program to align recruitment, training and business development resources to retail sectors
  - A retailer inventory database with contact info and products available
  - Sales and customer service training programs, seminars and other forums
  - Awards and recognition for successful retailers
  - Cross-marketing programs among businesses to increase shared clientele
  - Surveys with key audiences to determine emerging consumer trends

Exhibit 9

City of Kent Retail Trade Capture by Segment, 2010

General Retail Sector	City	20 Minute Drive Time Eastside Trade Area	20 Minute Drive Time Regional Trade Area	4-County Region
Apparel & Accessories	32%	10%	4%	1%
Arts, Entertainment & Recreation	62%	19%	7%	1%
Building Materials, Garden Equip & Supplies	117%	35%	13%	3%
Drug/Health Stores	75%	25%	9%	2%
Electronics & Appliances	76%	25%	9%	2%
Food & Beverage Stores	100%	33%	12%	3%
Furnitures & Home Furnishing	97%	29%	11%	2%
Office Supplies	121%	37%	14%	3%
Restaurants, Food Services & Drinking Places	73%	24%	9%	2%
Sporting Goods, Toys, Book & Music Stores	36%	11%	4%	1%
Total	79%	25%	9%	2%

Source: Community Attributes, WA Department of Revenue, Claritas (2011)

Demographic & Ethnic Profile

Population Growth

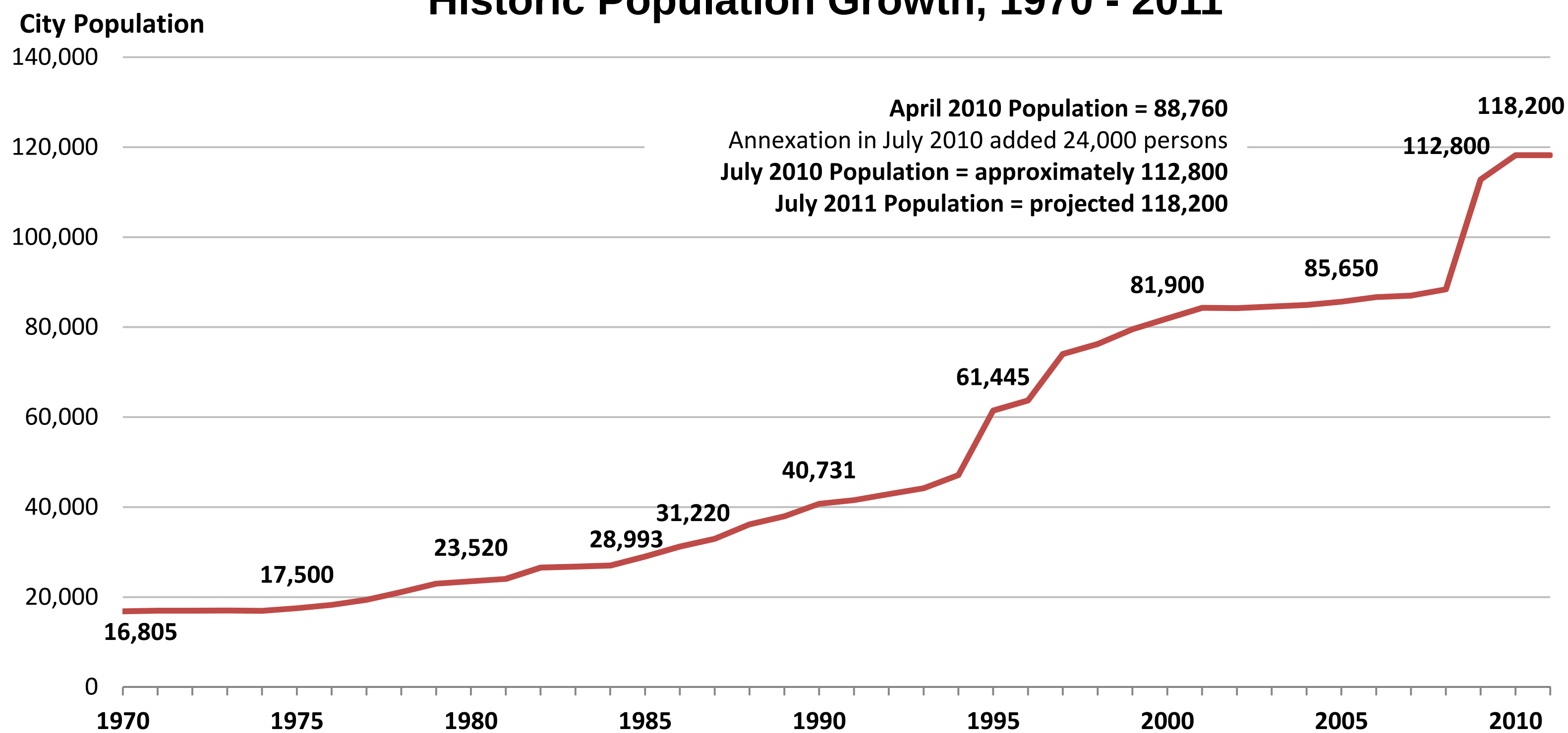
Findings

- Kent's population has grown by 4.9% annually, over the last 30 yrs.
- Population increase of 16,000 in 1997 is due to the Meridian Valley annexation.
- Kent ranks as the third largest city in King County.
- Kent's most recent annexation was the Panther Lake area in July 2010 which added 25,458 people, increasing the population from approximately 88,000 to just under 120,000.
- The WA Office of Financial Management (OFM) performs annual population projections between decennial Census. OFM projects an increase of 5,400 people from July 2010 to July 2011 (released in April 2011).

Relevance to Economic Development Goals

- Understanding new and potential residents' needs, assets and preferences should inform retail and workforce strategies.
- Advertising to residents to promote local retail offerings can increase retail trade capture.
- Connecting local residents to local workforce opportunities provides employers a reliable labor pool and convenient commute for workers.

Exhibit 10
Historic Population Growth, 1970 - 2011



Source: WA Office of Financial Management (2011). Population is April 1 for each year. 2010 includes Panther Lake annexation in July 2010

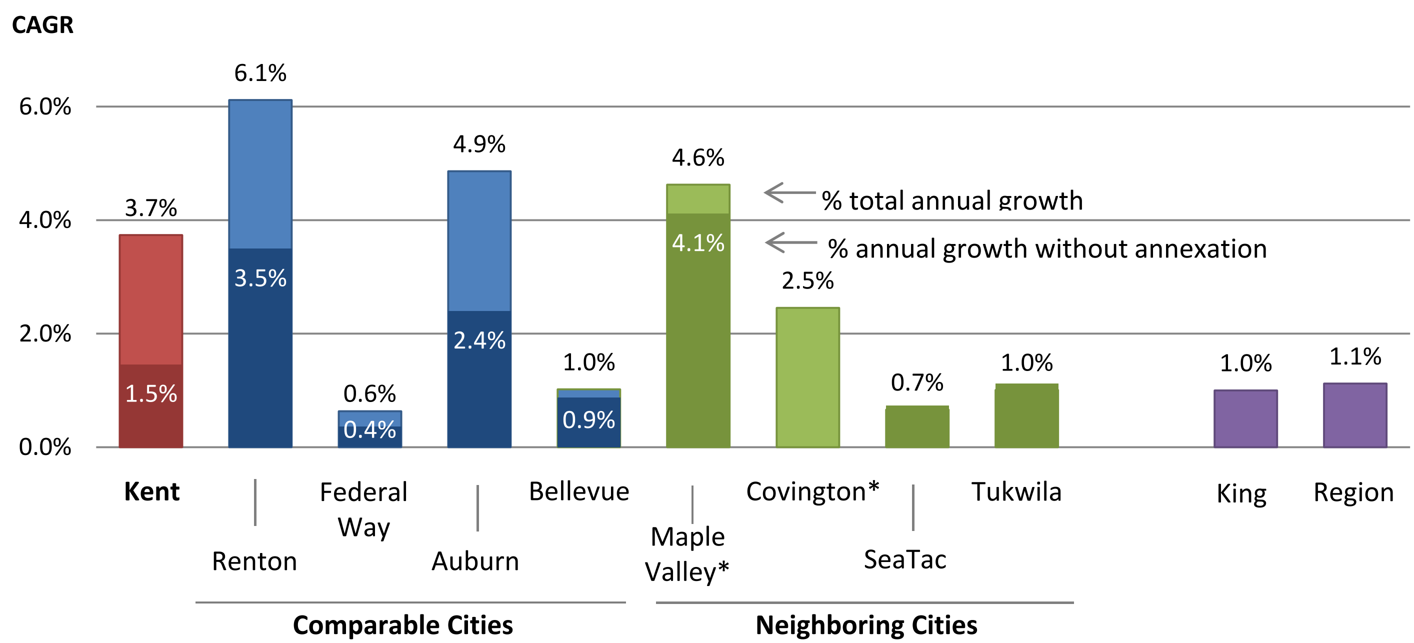
Findings

- Kent's population has grown by approximately 1.5% per year from 2001 to 2011, excluding annexation impacts.
- The city growth rate without annexation has kept pace with King County growth and is slightly above the regional average.
- Annexations have fueled high growth rates for Kent and comparable cities Renton and Auburn. Growth rates in these cities still exceed Kent's after accounting for annexation. Neighboring cities, Maple Valley and Covington have grown by 4.1% and 2.5% respectively, after removing annexation from growth rates.

Relevance to Economic Development Goals

- A unified image and brand for Kent is important to community pride and competitiveness. Existing residents and businesses are Kent's most important ambassadors.

Exhibit 11
Population Growth Rates, 2001 – 2011 (Compound Annual Growth Rates, CAGR)

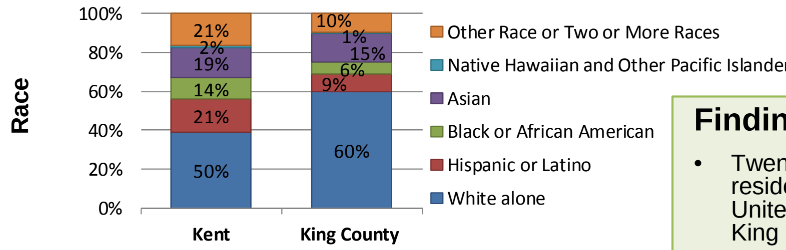


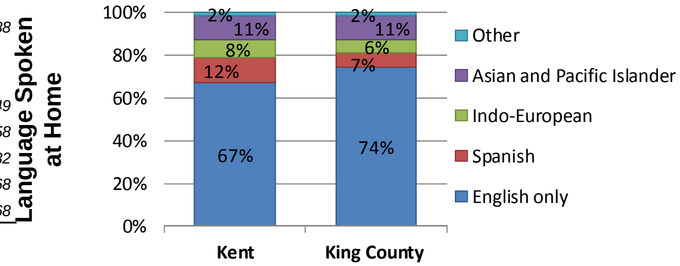
Source: WA Office of Financial Management (2011)

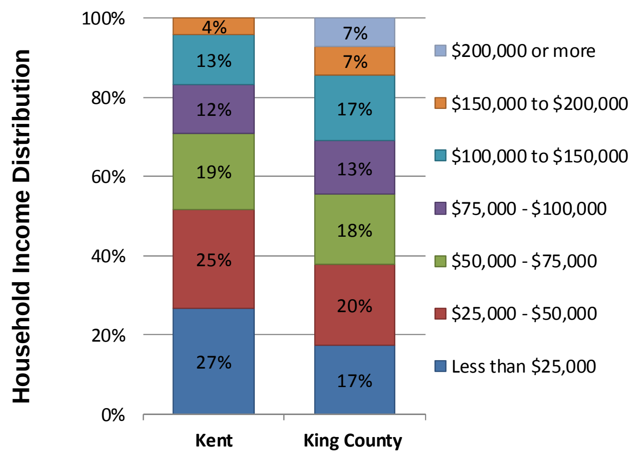
Citywide Demographics

Exhibit 12
Demographics 2011

	Kent			King County		
	Total	%	MOE	Total	%	MOE
DIVERSITY						
Population	118,200		-	1,942,600		-
Race (Based on 2010 Census)						
White alone	45,976	50%	-	1,160,247	60%	-
Hispanic or Latino	19,680	21%	-	173,391	9%	-
Black or African American	13,346	14%	-	120,505	6%	-
Asian	17,917	19%	-	283,733	15%	-
Native Hawaiian and Other Pacific Islander	2,268	2%	-	14,571	1%	-
Other Race or Two or More Races	19,013	21%	-	190,153	10%	-
Foreign born (Based on 2010 ACS)	28,197	24%	+/-4,423	395,215	20%	+/-9,788
Language spoken at home (Based on 2010 ACS)						
English only	79,125	67%	+/-5,995	1,446,435	74%	+/-12,649
Spanish	14,112	12%	+/-4,344	128,104	7%	+/-5,758
Indo-European	9,536	8%	+/-2,769	115,074	6%	+/-8,732
Asian and Pacific Islander	13,552	11%	+/-3,660	217,424	11%	+/-8,168
Other	1,876	2%	+/-1,431	35,562	2%	+/-5,268
Foreign language	39,075	33%		496,165	26%	
HOUSING AND INCOME						
Housing units (Based on 2010 Census)						
Owner-occupied	22,987	50%	-	506,999	59%	-
Renter-occupied	22,657	50%	-	350,350	41%	-
Average household size (Based on 2010 Census)						
Owner-occupied	2.77		-	2.58		-
Renter-occupied	2.58		-	2.14		-
Household Income (Based on 2010 ACS)						
Less than $25,000	12,186	27%	+/-2,098	150,034	17%	+/-6,715
$25,000 - $50,000	11,346	25%	+/-2,151	173,393	20%	+/-7,054
$50,000 - $75,000	8,725	19%	+/-1,523	152,871	18%	+/-5,150
$75,000 - $100,000	5,571	12%	+/-1,248	114,819	13%	+/-6,178
$100,000 to $150,000	5,751	13%	+/-1,415	142,373	17%	+/-5,596
$150,000 to $200,000	1,850	4%	+/-804	62,845	7%	+/-4,101
$200,000 or more	215	<1%	+/-200	61,013	7%	+/-3,354
Median household income (Based on 2010 ACS)	$48,688		+/-$4,714	$66,174		+/-$944





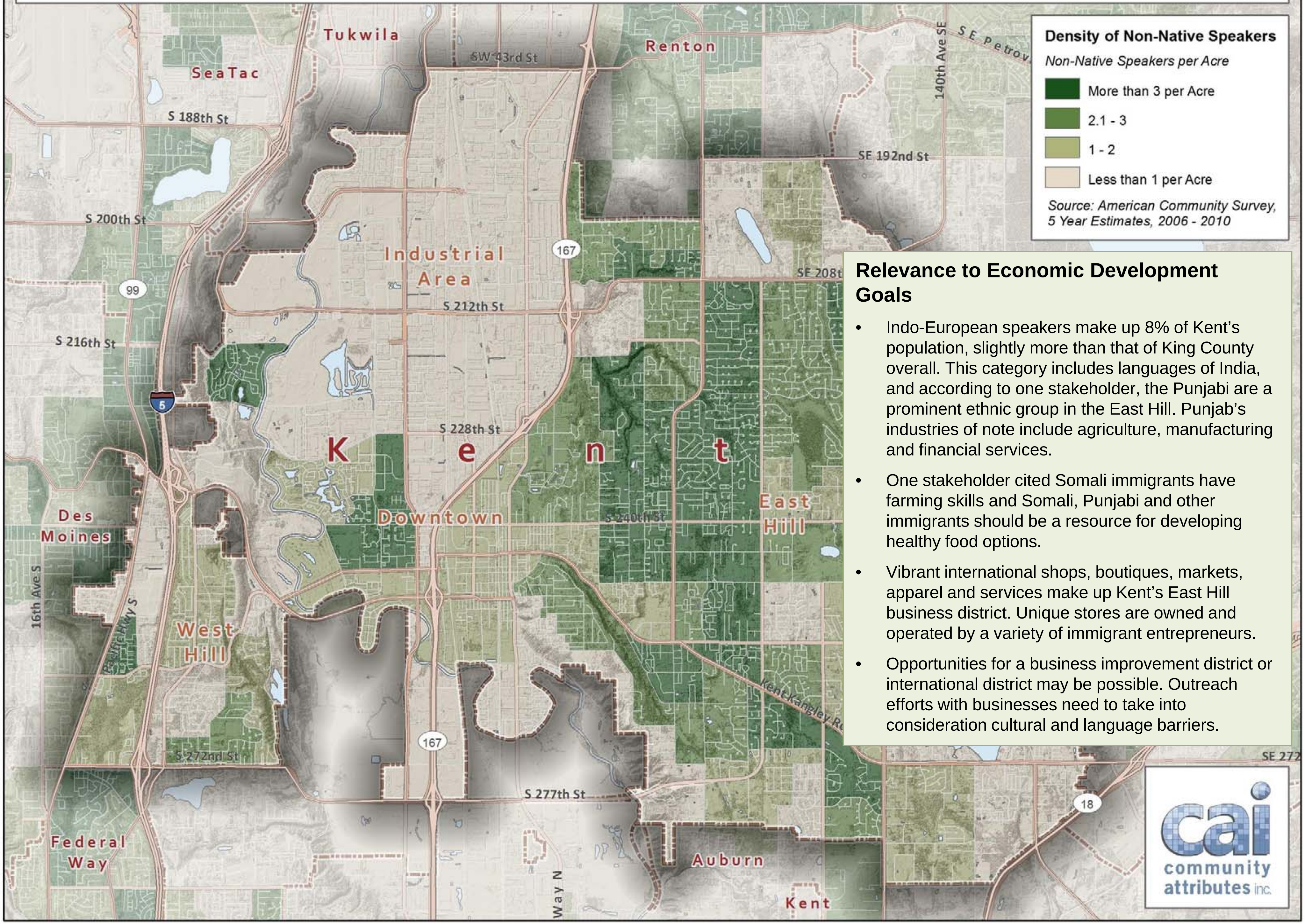


Findings

- Twenty-four percent of Kent's residents were born outside the United States, 4% more than King County overall.
- Thirty-three percent of Kent's population speak a language other than English at home; the largest language group of these is Spanish.
- Ukrainian, Punjabi, Somali and Vietnamese were noted as prominent languages by an East Hill business owner. (This level of detail is not available in Census data).
- Owner-occupied and renter-occupied housing are split 50-50.
- Regardless of the growth in renters nationally, the idea of homeownership is still the American dream; 74% of renters think owning is superior to renting, according to a recent survey by mortgage giant Fannie Mae.
- Successful retailers align products with unique market segments. Ethnically-minded services and products can be oriented toward these market segments.

Exhibit 14. Density of Non-Native English Speakers, 2009

DISCUSSION DRAFT

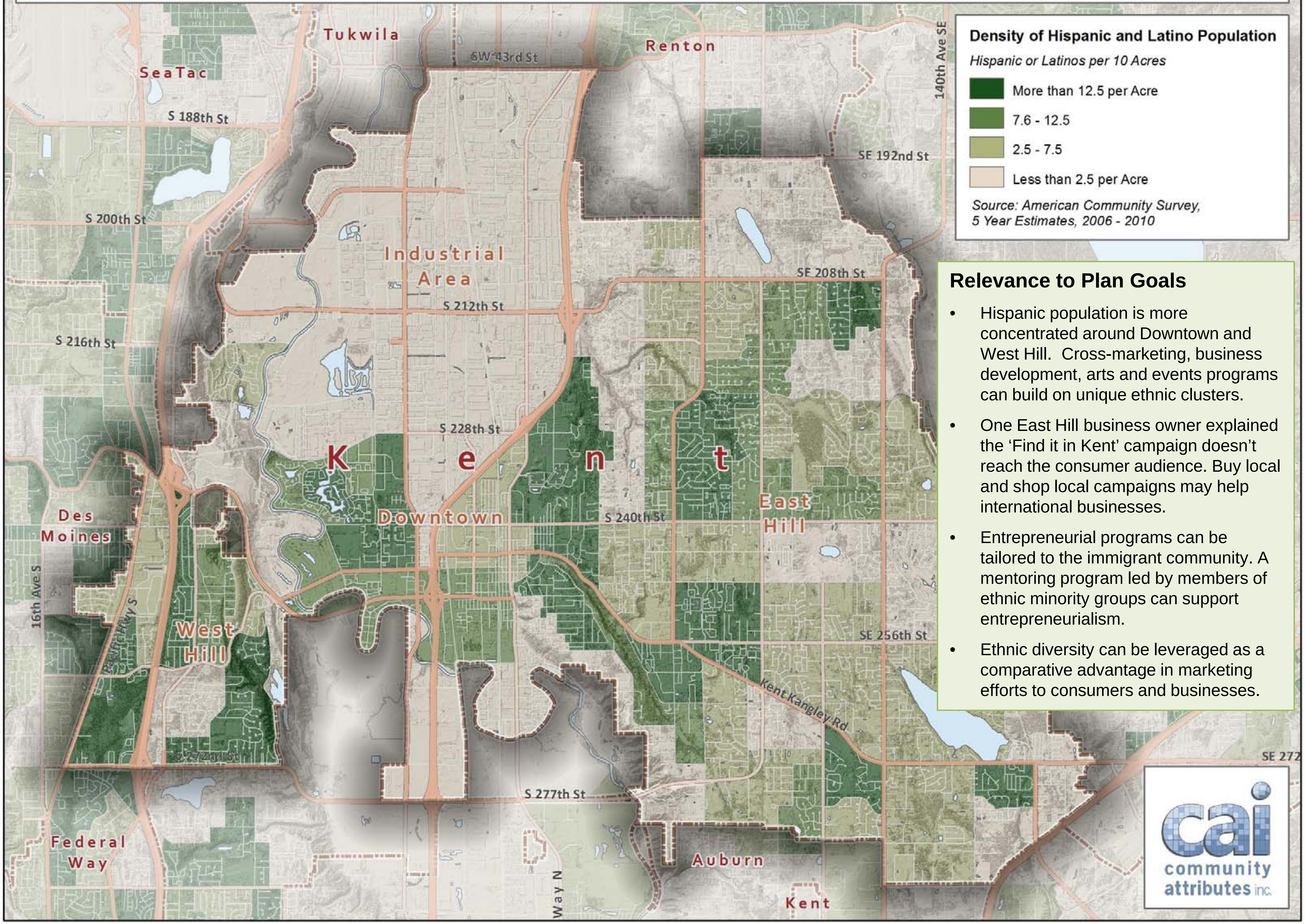


Relevance to Economic Development Goals

- Indo-European speakers make up 8% of Kent's population, slightly more than that of King County overall. This category includes languages of India, and according to one stakeholder, the Punjabi are a prominent ethnic group in the East Hill. Punjab's industries of note include agriculture, manufacturing and financial services.
- One stakeholder cited Somali immigrants have farming skills and Somali, Punjabi and other immigrants should be a resource for developing healthy food options.
- Vibrant international shops, boutiques, markets, apparel and services make up Kent's East Hill business district. Unique stores are owned and operated by a variety of immigrant entrepreneurs.
- Opportunities for a business improvement district or international district may be possible. Outreach efforts with businesses need to take into consideration cultural and language barriers.

Exhibit 15. Density of Hispanic and Latino Population, 2009

DISCUSSION DRAFT



Relevance to Plan Goals

- Hispanic population is more concentrated around Downtown and West Hill. Cross-marketing, business development, arts and events programs can build on unique ethnic clusters.
- One East Hill business owner explained the ‘Find it in Kent’ campaign doesn’t reach the consumer audience. Buy local and shop local campaigns may help international businesses.
- Entrepreneurial programs can be tailored to the immigrant community. A mentoring program led by members of ethnic minority groups can support entrepreneurialism.
- Ethnic diversity can be leveraged as a comparative advantage in marketing efforts to consumers and businesses.

Housing Mix

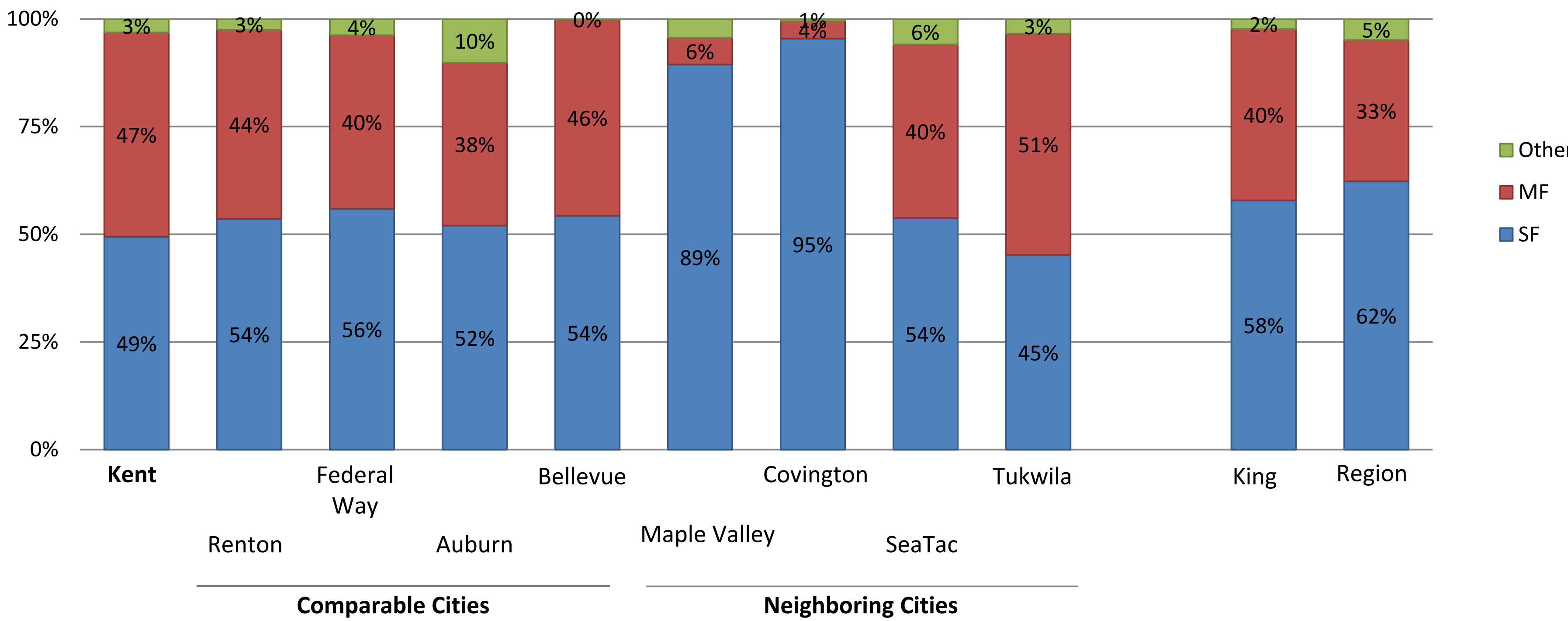
Findings

- Kent's housing mix is nearly 50-50 between single family housing and apartments and condos.
- Kent's housing stock has a greater share of apartments and condos than the County and region overall
- Kent has somewhat more apartments and condos than its comparable cities and significantly more than its neighbors Maple Valley and Covington.

Relevance to Economic Development Goals

- The majority of stakeholders cited a need for high quality condo and apartment development in Downtown to revitalize Downtown's older area and to support retail.
- Survey outreach with key audiences can identify opportunities to offer innovative amenities to attract new residents.

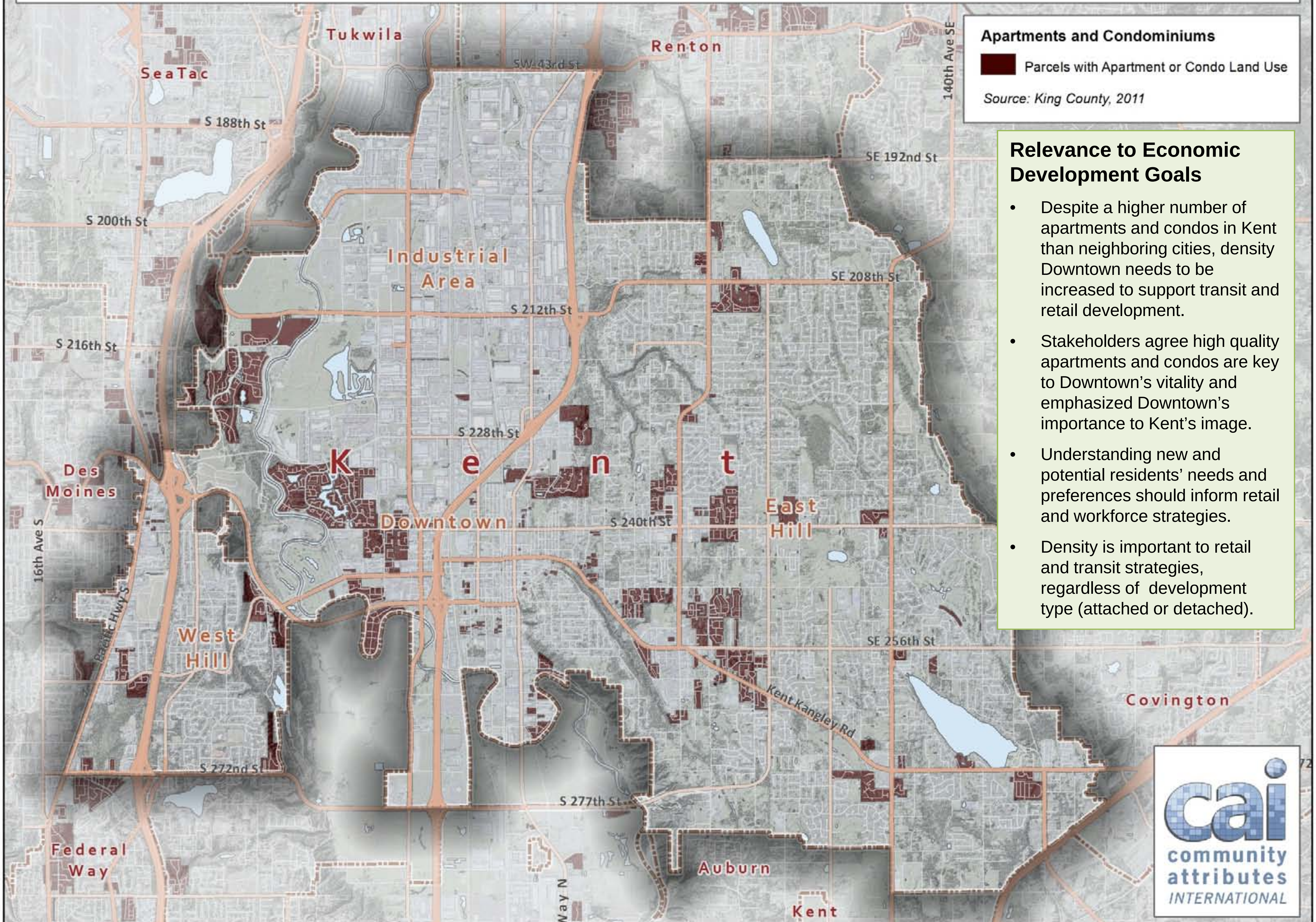
Exhibit 15
Housing Unit Mix, 2010



Source: WA Office of Financial Management (2011).

Exhibit 16. Density of Apartments and Condominiums

DISCUSSION DRAFT



Relevance to Economic Development Goals

- Despite a higher number of apartments and condos in Kent than neighboring cities, density Downtown needs to be increased to support transit and retail development.
- Stakeholders agree high quality apartments and condos are key to Downtown's vitality and emphasized Downtown's importance to Kent's image.
- Understanding new and potential residents' needs and preferences should inform retail and workforce strategies.
- Density is important to retail and transit strategies, regardless of development type (attached or detached).

Jobs-to-Housing Balance

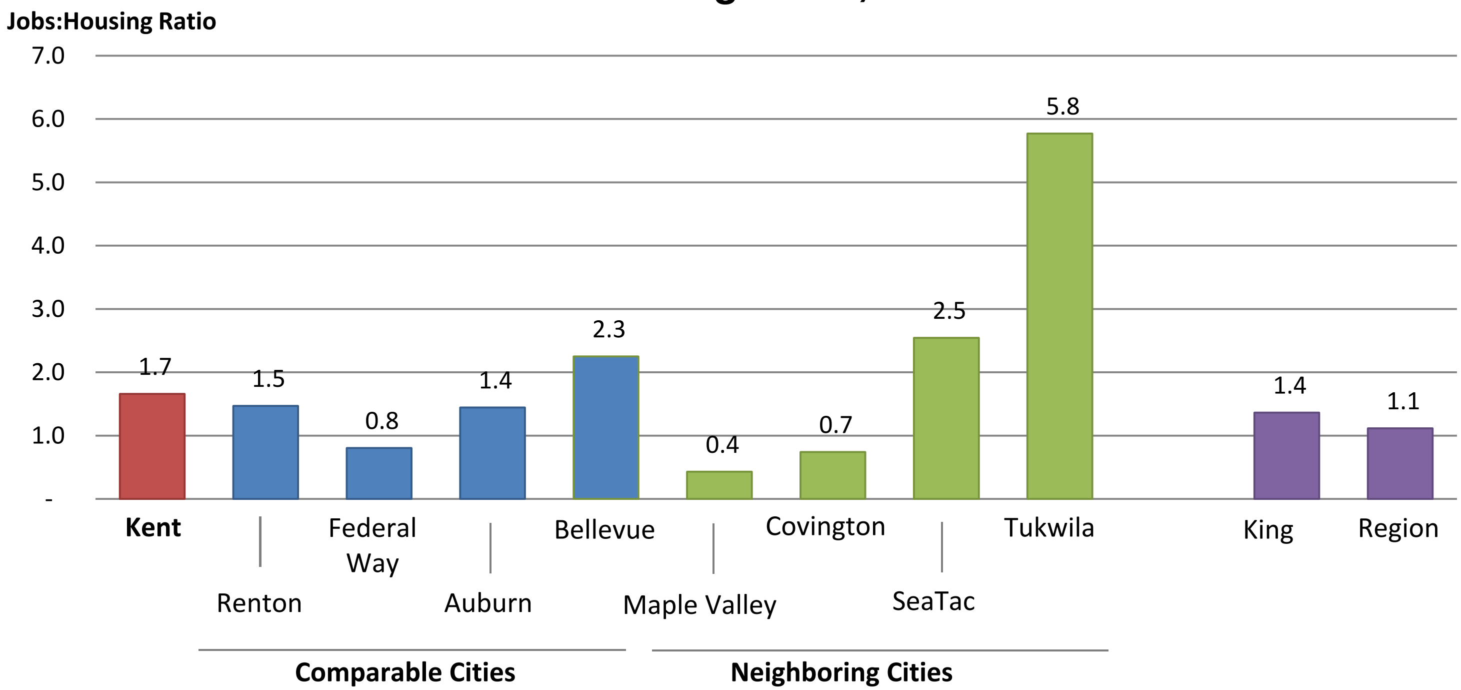
Findings

- A city's jobs-to-housing ratio illustrates whether a city is an employment center or a bedroom community.
- Kent's 1.7 jobs-per-housing unit is higher than the county and region, indicating people commute to Kent for work.

Relevance to Economic Development Goals

- People commute to Kent for work and are a captive audience to attend events and shop everyday. HR departments of marquee businesses can disseminate information to employees to promote local shopping, recreation and entertainment as employee benefits. This approach can facilitate two-way communication to solicit preferences from key workforce pools and tailor messages to desired audiences. Retailers may consider offering special promotions and discounts to employees of key businesses.

Exhibit 17
Jobs to Housing Ratio, 2009



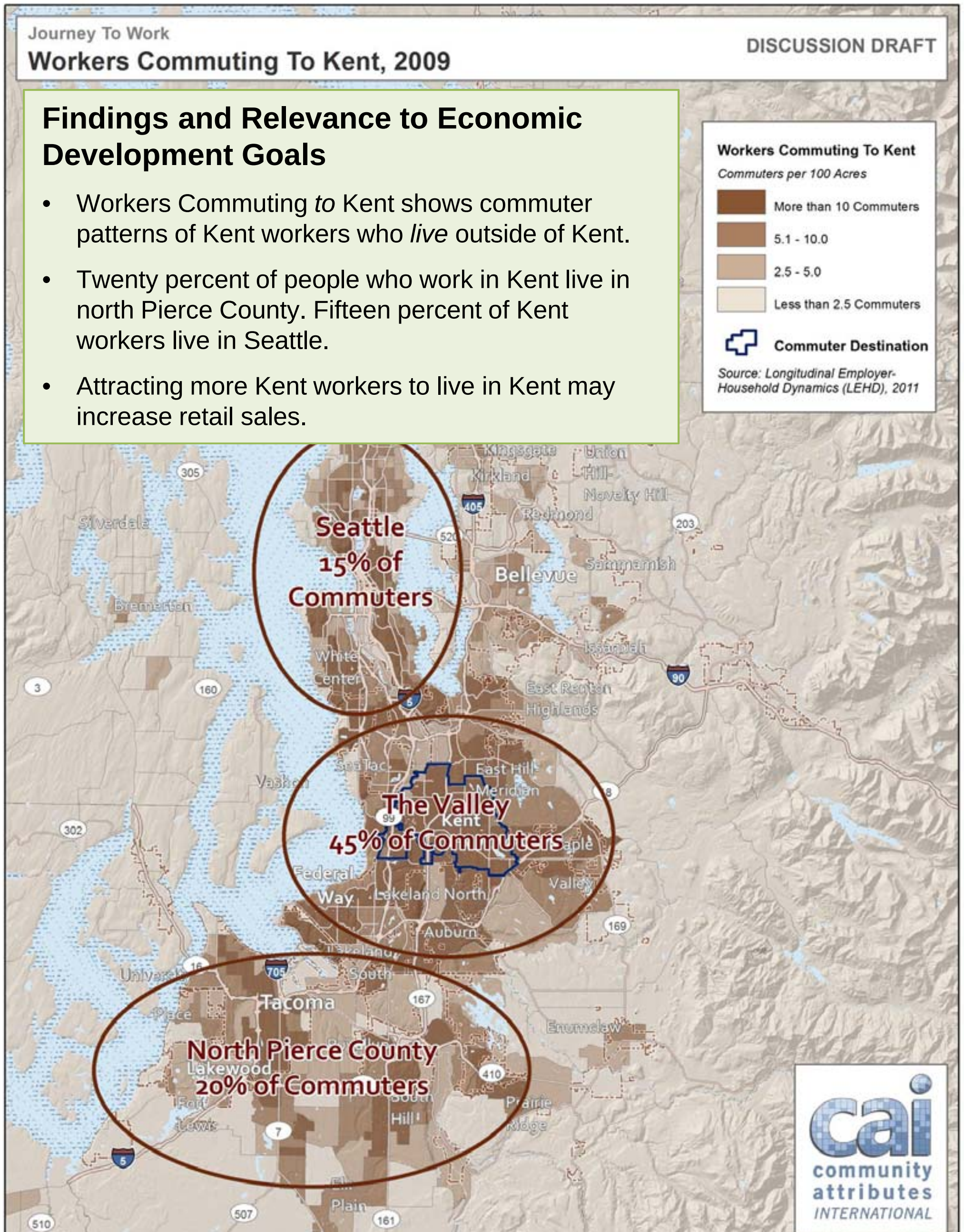
Source: WA Office of Financial Management, Puget Sound Regional Council (2011)

Commuting Patterns

Exhibit 18
Commuting Patterns to and from Kent

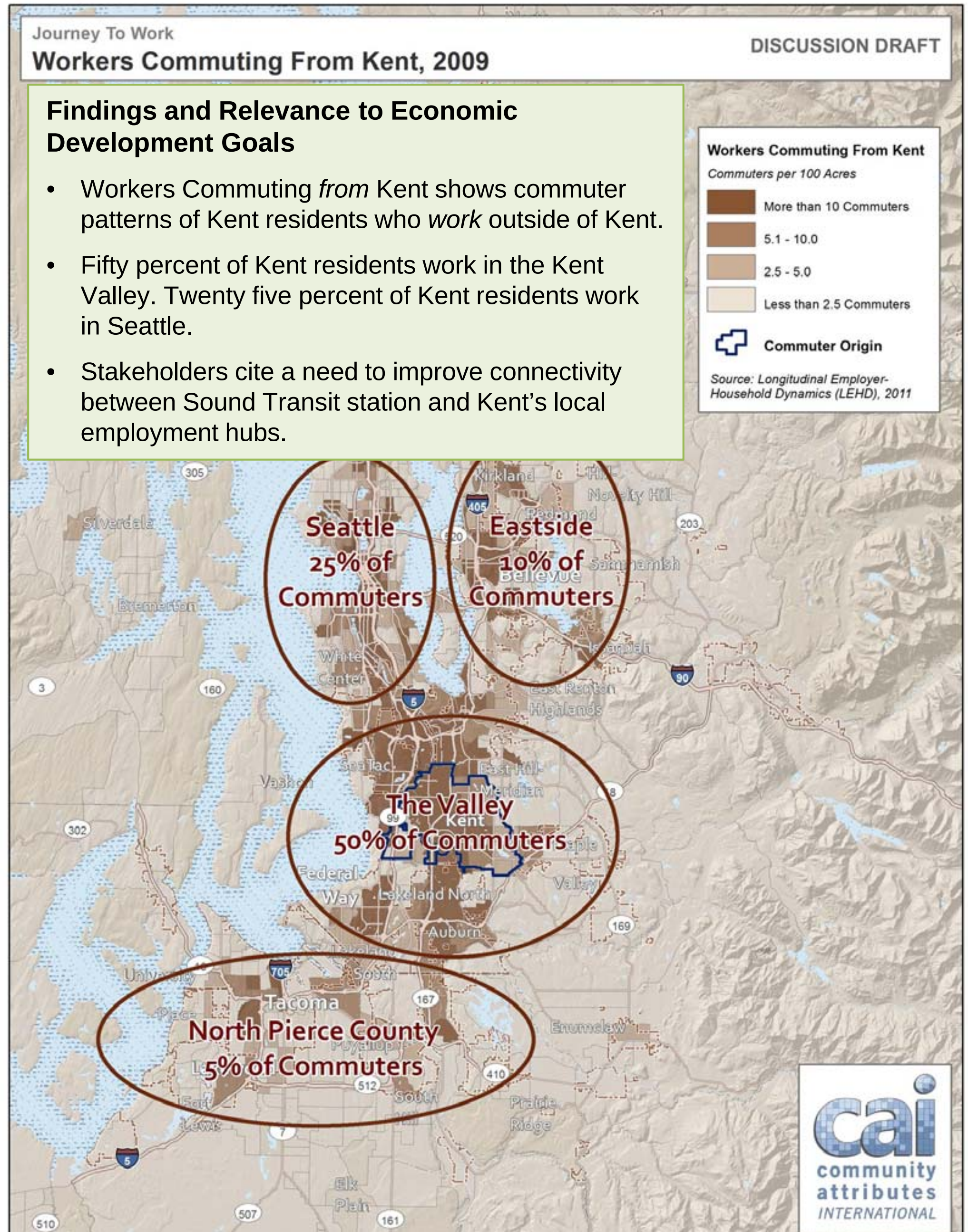
Findings and Relevance to Economic Development Goals

- Workers Commuting *to* Kent shows commuter patterns of Kent workers who *live* outside of Kent.
- Twenty percent of people who work in Kent live in north Pierce County. Fifteen percent of Kent workers live in Seattle.
- Attracting more Kent workers to live in Kent may increase retail sales.



Findings and Relevance to Economic Development Goals

- Workers Commuting *from* Kent shows commuter patterns of Kent residents who *work* outside of Kent.
- Fifty percent of Kent residents work in the Kent Valley. Twenty five percent of Kent residents work in Seattle.
- Stakeholders cite a need to improve connectivity between Sound Transit station and Kent's local employment hubs.



Economic Profile

Citywide Employment Trends by Sector

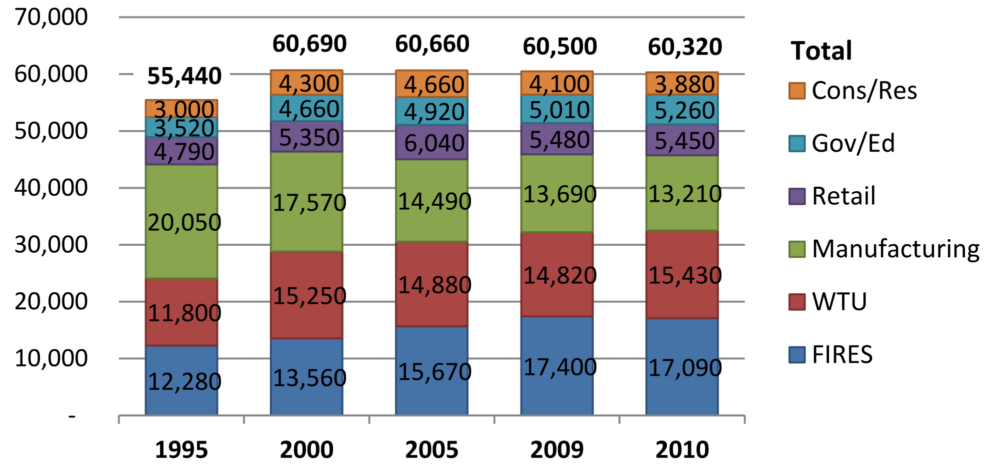
Findings

- The City of Kent has a diverse mix of industrial jobs in manufacturing, wholesale, transportation and utilities (WTU) as well as service jobs (FIRES includes finance, insurance, real estate and services).
- Although stakeholders expect future growth in Manufacturing, (Kent's most prominent employment sector in 1995), the sector declined by 34% from 1995 to 2010. Manufacturing accounted for 22% of Kent jobs in 2010.
- Service jobs (FIRES) increased by 39% since 1995, with an annual increase of 3% through 2009. However, this sector has seen a decline of 2% annually since 2009.
- Wholesale, transportation and utilities (WTU) has grown by 31% since 1995, but has experienced employment fluctuations in more recent years. Between 2000 and 2009, WTU declined by 0.3% annually, and increased 4% annually between 2009 and 2010.

Relevance to Economic Development Goals

- Stakeholders agree that work needs to be done to promote the diverse range of economic opportunities including occupations that demand skilled labor, shopping opportunities, and entertainment, complemented by a small-town feel. One real estate expert reported: "Once you are here, you will love it."

Exhibit 19
Citywide Employment by Sector, 1995 – 2010



	City Employment		Percent of City Jobs		Job Change, 1995 - 2010		
	1995	2010	1995	2010	Net	% Net	CAGR
Total	**55,440**	**60,320**	100%	100%	4,880	9%	1%
Cons/Res	3,000	3,880	5%	6%	880	29%	2%
Gov/Ed	3,520	5,260	6%	9%	1,740	49%	3%
Retail	4,790	5,450	9%	9%	660	14%	1%
Manufacturing	20,050	13,210	36%	22%	(6,840)	-34%	-3%
WTU	11,800	15,430	21%	26%	3,630	31%	2%
FIRES	12,280	17,090	22%	28%	4,810	39%	2%

Source: Quarterly Census of Employment and Wages, Puget Sound Regional Council , WA Employment Security Department (2011)

Data notes

- Cons/Res is construction and resources; Gov/Ed is government and education; WTU is wholesale, transportation and utilities; FIRES is finance, insurance, real estate, and services
- Employment data are "covered employment" published by PSRC from the Quarterly Census of Employment and Wages.

Kent Services Employment Trends

Findings

- Health Care is the city's largest service sector with 3,230 jobs in 2010. The Health Care industry grew by 6.7% annually from 2000 to 2009, but had a significant decrease of 17% between 2009 and 2010.
- Professional, scientific and technical services provide nearly 2,000 jobs in the city. This sector represents some of Kent's high-tech R & D employers.
- Management of companies and enterprises employed more than 1,200 jobs. This sector includes headquarters jobs. Headquarters jobs have grown on average by an estimated 2.9% per year from 2000 to 2009, with a slight decrease of 4% between 2009 and 2010.
- Note: 2010 management jobs are not published by PSRC due to confidentiality. The 2010 management figures below are estimated.

Relevance to Economic Development Goals

- Regionally, Health Care is expected to grow and shortages in key occupations such as nursing, personal and home care aides and home health aides are anticipated.
- Work with the Seattle-King County Workforce Development Council and Center for Advanced Manufacturing Puget Sound (CAMPS) to coordinate training plans and labor pool readiness.
- Continue to support attraction of headquarters to Kent through marketing strategies. Real estate experts are important ambassadors and can send a unified message of everything Kent has to offer.

Exhibit 20
Citywide Services Employment Growth by Type and Sector, 2000, 2005 and 2010

		FIRES Jobs					Job Change, 2000 - 2010		
FIRES		**1995**	**2000**	**2005**	**2009**	**2010**	**Change**	**% Change**	**CAGR**
52, 54	Finance, Insurance, Real Estate	1,140	1,310	1,700	1,770	1,670	360	27%	2.5%
51	Information	590	620	640	760	850	230	37%	3.2%
54	Professional, Scientific and Technical Services	1,500	1,840	2,070	2,070	1,950	110	6%	0.6%
55	Management of Companies and Enterprises	1,630	970	1,000	1,260	1,220	250	26%	2.3%
56	Administrative Support and Waste Management	1,590	1,430	2,130	2,470	2,340	910	64%	5.0%
61	Educational Services	140	350	190	na	na	na	na	na
62	Health Care and Social Assistance	1,840	2,180	2,850	3,900	3,230	1,050	48%	4.0%
71	Arts, Entertainment and Recreation	260	240	390	370	360	120	50%	4.1%
72	Accommodation and Food Services	2,320	2,700	3,140	3,090	3,110	410	15%	1.4%
81	Other Services (except Public Administration)	1,250	1,910	1,560	1,710	2,360	450	24%	2.1%
Total FIRES		**12,280**	**13,550**	**15,670**	**17,400**	**17,090**	**3,540**	**26%**	**2.3%**

Source: Puget Sound Regional Council (2011)

Employment Trends in Kent Job Centers

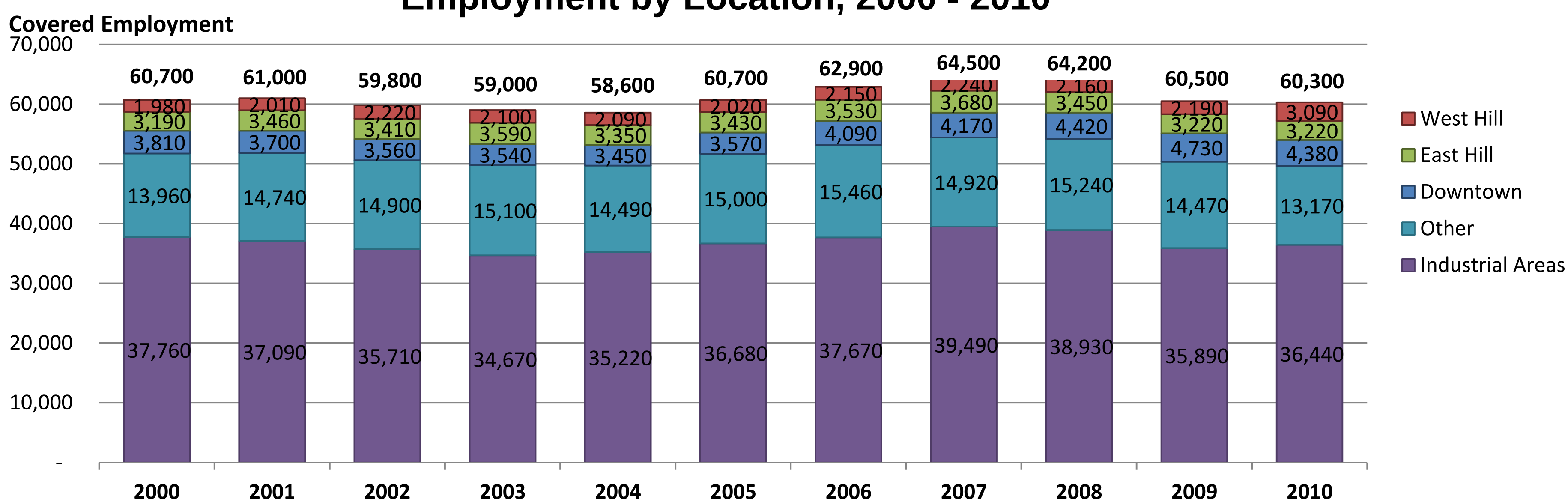
Findings

- Covered employment in Kent totals 60,300 in 2010, the latest year for which data is available.
- Employment has gone down slightly (400 jobs) overall from 2000 to 2010, with a more pronounced decline from ‘08 to ‘09 primarily in industrial areas (3,040 decrease from ‘08 to ‘09) and citywide/other (770 decrease).
- While jobs in industrial centers have fluctuated, Downtown has experienced fairly consistent gains from 2005 to 2009, but experienced a recent decline of 350 jobs between 2009 and 2010.
- East Hill has fluctuated with an increase in 2007 and has tapered off more recently. West Hill has remained consistent until a significant jump (900 jobs) between 2009 and 2010.
- The share of Kent’s jobs located in Industrial Areas has been consistent: between 58-62% during this period with the highest share at 62% in 2000.

Relevance to Economic Development Goals

- Industrial stakeholders shared plans for an aerospace ramp-up and ongoing recruitment efforts for skilled and semi-skilled labor.
- Stakeholders cited concern over staying and growing in Kent due to flood hazard zone designation and effects on Kent’s image. Although FEMA/the Corps of Army Engineers have since removed the designation, sandbags leave a lasting impression. (One stakeholder mentioned plans are in place to remove the bags in fall 2011).

Exhibit 21
Employment by Location, 2000 - 2010



Source: Puget Sound Regional Council (2011)

Downtown Employment Trends

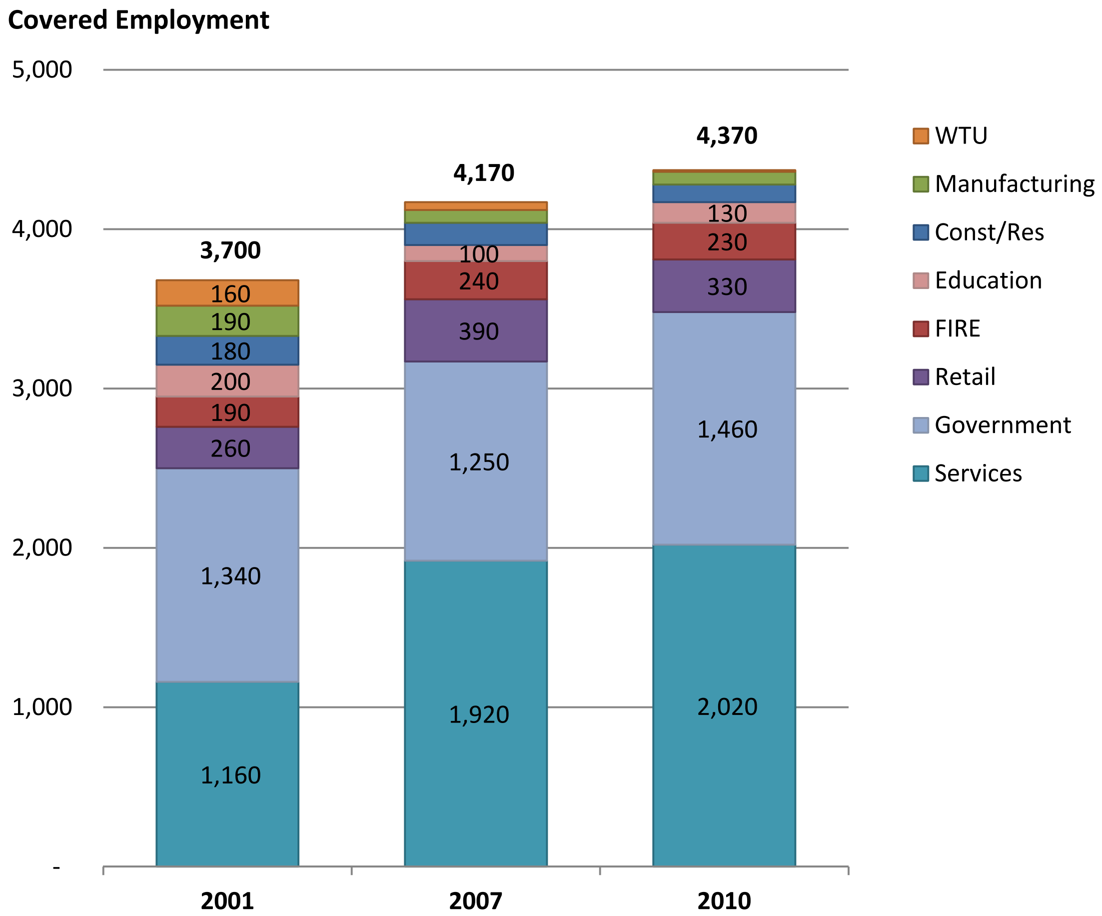
Findings

- There were more than 4,300 jobs located in Downtown Kent in 2010.
- Overall, jobs in Downtown have increased by 690 from 2001 to 2010.
- Jobs grew by 2% per year from 2001 to 2007 and 1.5% per year from 2007 to 2010.
- The bulk of job growth in Downtown is in Services, increasing by 860 since 2001.
- Government jobs fluctuated, going down in 2007 and up in 2010 with a net increase of 120 since 2001.
- Retail jobs went up in 2007 and decreased slightly in 2010.
- Jobs in Education decreased in 2007 and increased in 2010, with a net decrease of 70 jobs since 2001.

Relevance to Economic Development Goals

- Efforts to redevelop the Downtown core are successful, according to stakeholders, but momentum needs to continue.
- Stakeholders cite the City's continued commitment to Downtown as critical for the entire city's well-being.

Exhibit 22
Downtown Kent Employment, 2001, 2007 and 2010



Source: Puget Sound Regional Council (2011)

Commercial Assets

Regional Draw Assets & Commercial Significance

Asset	Opportunities & Significance to Commercial Development	Challenges	Action Items
Commercial Advantages			
ShoWare Center	• High quality building (LEED Gold) • Accommodates a variety of events including sports, concerts, conferences	• Limited offerings • Disconnected from other uses	• Diversify entertainment offerings; consider international performers, arts, culture and sports • Connect to professional/trade organizations relevant to local industries and companies for events
Kent Sounder Station	• Enables workers from throughout the South End to work in Kent • Concentrating residential density near station is desired	• Limited bus transit to employment hubs • Kent's development pattern is less conducive to pedestrians and cyclists	• Determine feasibility of slightly extending bus line in key locations • Discuss van pool or shared commuter shuttle • Continue to prioritize residential development Downtown
Kent Station Shopping Center & Historic District	• Stakeholders cite Downtown as key asset • Industrial users promote to visiting customers and would like to see boutique hotel locate at the center • Historic District's charm, small independent businesses and Kent Historical Museum	• Stakeholders view Kent as a good place for business more than for shopping; leakage findings confirm this • Kent Station is somewhat disconnected from DT	• Increase awareness of all Downtown has to offer, from family-owned businesses and the museum to specialty shopping • Target marketing to existing residents and HR departments • Promote office/retail space availability to brokers regionally keeping in mind the right match for the Historic District and Kent Station
International Entrepreneurialism	• Kent's East Hill showcases a variety of Asian, Indian, African and Latin American markets, services, restaurants and specialty shops	• Outreach and business organizing can be difficult due to language and cultural barriers • Safety is a concern	• Pursue signage and design guidelines to foster international district and improve aesthetics • Define international businesses desired; consider incentives to cultivate immigrant entrepreneurs • Promote Crime Prevention through Environmental Design (CPTED) & Crime-free Multifamily with Kent Police Department; educate business owners about crime prevention
Recreational Amenities			
Golf courses, Lake Meridian, trail and park network	• Kent offers high quality recreation for business leaders and employees • Attractive amenities for workforce with disposable income • Amenities appeal to a variety of interests, ages and psychographics: art, fishing and boating, cultural icons like Yangzhou Park; commuter travel via trail and bike network; Town Square Plaza	• Lack of awareness of golf in Kent; image may challenge perceptions • Overall suburban development pattern diminishes connectivity and safety for cyclists and peds	• Work with golf courses to offer specials to local businesses and employees • Promote golf course to businesses and workers; encourage events, attract tournaments and hold fundraisers at golf clubs • Work with Kent's Park Foundation and Parks & Community Services Department to encourage outreach with businesses and workforce to influence key projects . • Encourage incorporating non-traditional park amenities and features in key locations; infuse outdoor adventure, arts, multicultural, industrial heritage themes into projects/events

Regional Draw Assets & Commercial Significance (cont.)

Asset	Opportunities & Significance to Commercial Development	Challenges	Action Items
Geographic Advantages			
Proximity to Transportation	• Proximity to Port of Seattle, Sea Tac Airport north/south and east/west corridors (I-5, 167, 99, 516)	• Congestion increasing	• Form an advocacy committee made up of industry leaders and affected organizations to lobby for alternatives and promote mass transit
Central Regional Position	• Convenient access to distribution centers: Seattle and Tacoma • Convenient location for workforce in Pierce, Northend & Southend	• Competes with more urban, eclectic neighborhoods in Seattle and Tacoma • Congestion is growing	• Incorporate key statistics into marketing material, such as affordability of real estate, drive times to key regional locations such as SeaTac Airport and Mt. Rainier and other figures of interest to consumer and business audiences
Strong Brands & Headquartered Companies			
REI	• Strong brand; attracts a young, active and innovative work force • Is in a growth mode and requires significant facility space	• Prefers an urban atmosphere and lifestyle; Kent's building pattern is comparatively suburban	• Consider surveying REI employees to identify improvements & locations that best suit psychographic and commuting patterns • Connect REI workforce to Kent's history and personality to enhance ownership of its evolution and authenticity
Boeing	• Strong brand; able to recruit specialized workforce • Union shop, pays higher wages • Major growth planned in aerospace	• Smaller, non-union, supply chain outfits compete with Boeing for workforce but can't compete with wages	• Communicate regularly to support recruitment efforts • Provide site selection resources, property inventory for growth planning • Adopt a transparency policy and formal notification process for regulatory, tax and fee changes that could affect businesses
Starbucks Roasting Plant	• Strong regional presence and brand • Leverages diverse skillset and workforce	• Growing company; relies on distribution network	• Continue to develop relationships and identify partnership opportunities
Business Leadership & Educational Resources			
CAMPS	• Critical resource; provides training, advocacy and supply chain connections for existing & emerging manufacturers	• Regional focus, doesn't only promote Kent	• Offer advocacy opportunity as a membership benefit (e.g., create an advocacy committee entitled to monthly breakfast meeting with the Mayor)
Green River Community College (GRCC)	• Key tenant at Kent Station; provides foot traffic to Downtown retail • Exposes young people and people from outside the area to Kent's Downtown core	• Programs, courses and equipment for trade skills need constant monitoring and updating to keep up with industry advancement and needs	• Facilitate communication between industry leaders, CAMPS and GRCC • Facilitate partnerships with GRCC and industry leaders for career events, outreach, equipment demos and internships

Real Estate
Market Conditions

Kent and Regional Real Estate Market Conditions

Findings

- Among comparable neighboring cities, Kent's office vacancy rate is higher, considering lease rates. One real estate stakeholder cited a key commercial complex, CenterPoint Corporate Center, built for Boeing and then surplused, contributes to the vacancy rate.
- Retail vacancy is comparable to Renton/Tukwila and less than Federal Way.
- Among Southend cities, Kent has the highest number of apartment units, close to the lowest vacancy rate, and commands slightly higher rents than its neighbors, excepting Renton.

Relevance to Economic Development Goals

- Promoting available real estate and facilities on City website and rotating a feature property on Kent's Chamber site and commercial brokerage sites can facilitate the site-selection process.
- Amenities in business parks should match the atmosphere and quality expected by workers and clients.

Exhibit 23. Kent Real Estate Market Conditions

Office Market (2011 Q1)	Building SF	% Southend	Total Vacancy	Lease Rate Full services PSF/Yr	Under Construction
Kent	1,223,908	12%	31.2%	$20.96	—
Renton	3,122,922	32%	13.1%	$22.54	—
Tukwila	2,203,131	22%	13.9%	$19.86	57,800
Federal Way	2,102,953	21%	36.7%	$20.36	—
South End	9,833,047	100%	23.0%	$21.47	57,800

Retail Market (First Half 2010)	Building SF	% Southend	Total Vacancy	Lease Rate NNN $/SF/Yr	Under Construction
Kent/Auburn	3,850,709	29%	7.6%	$21.97	—
Renton/Tukwila	5,522,630	41%	7.5%	$19.24	—
SeaTac	494,963	4%	8.8%	$21.36	—
Federal Way	2,679,898	20%	18.4%	$16.70	—
South End	13,311,896	100%	9.5%	$19.05	205,250

Apartment	Units	% Southend	Total Vacancy	Lease Rate (Rent/Unit/Mth)	Units Planned or Under Construction
Kent	11,044	29%	6.0%	$ 889	24
Renton	10,595	27%	7.3%	$ 980	742
Federal Way	7,561	20%	7.0%	$ 884	0
Auburn	4,198	11%	8.5%	$ 858	234
Renton/Tukwila	2,979	8%	5.8%	$ 851	0
SeaTac	2,167	6%	7.5%	$ 812	90
South End	38,544	100%			1,090

Source: CBRE Local Market View Puget Sound Office Market 2011 Q1, Puget Sound Retail Market First Half 2010, Central Puget Sound Real Estate Research Report Year End 2010., Dupre + Scott Apartment Advisors. Apartment units based on survey from Dupre + Scott

Vacant and Infill Capacity on Commercial Lands

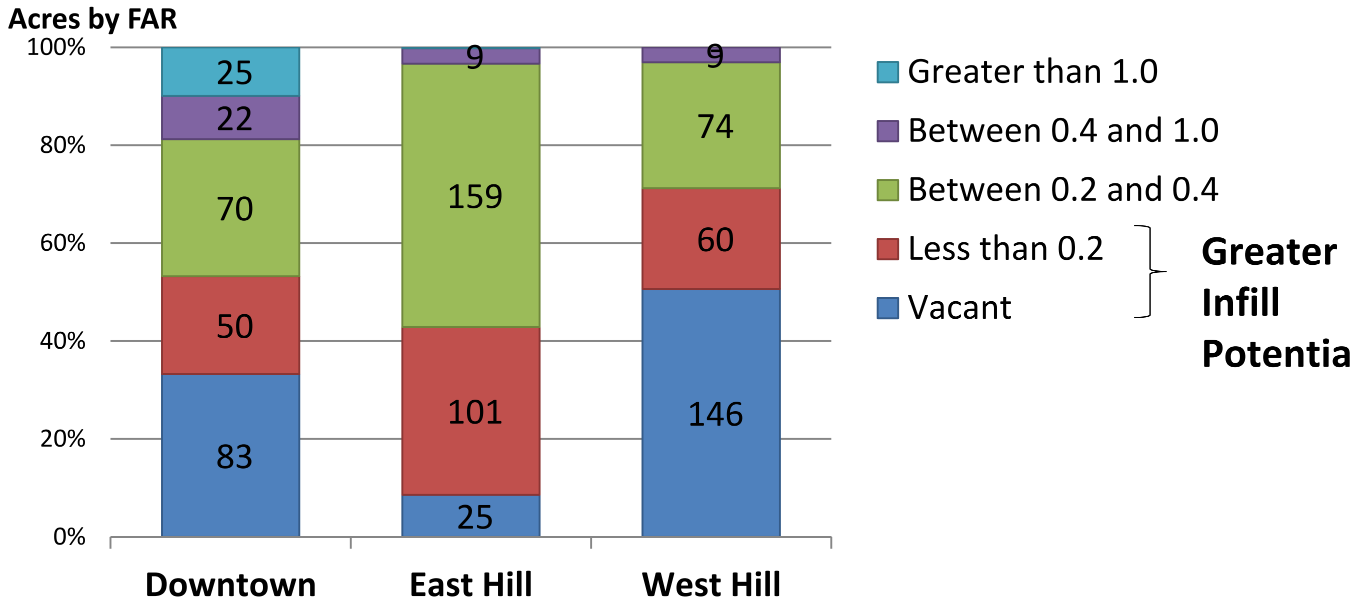
Infill Capacity

- Infill is the use of land within a built area for further construction. This can be a vacant lot between two developed parcels. For the purposes of this analysis, it also means a developed site that could generate a higher and better use *if* development economics justify greater densities than what is currently built.
- Land that is either vacant or considered to be underutilized and capable of greater infill development includes any parcels where existing development has a 0.2 FAR or below. Commercial zoning districts including Neighborhood Convenience Commercial, Community Commercial and General Commercial allow a maximum lot coverage of 40%, therefore these lots have 50% or more available land for infill development or redevelopment.

Relevance to Economic Development Goals

- Kent's available land continues to be an asset and additional capacity is available for growth.
- Stakeholders cite locating in Kent for its central location, proximity to transportation corridors, convenience for workforce primarily residing in the Southend, and more affordable real estate.
- Connecting existing companies facing growth pressures to well-suited real estate can be facilitated by the City. An online database resource could connect brokers and site-selectors to opportunities.

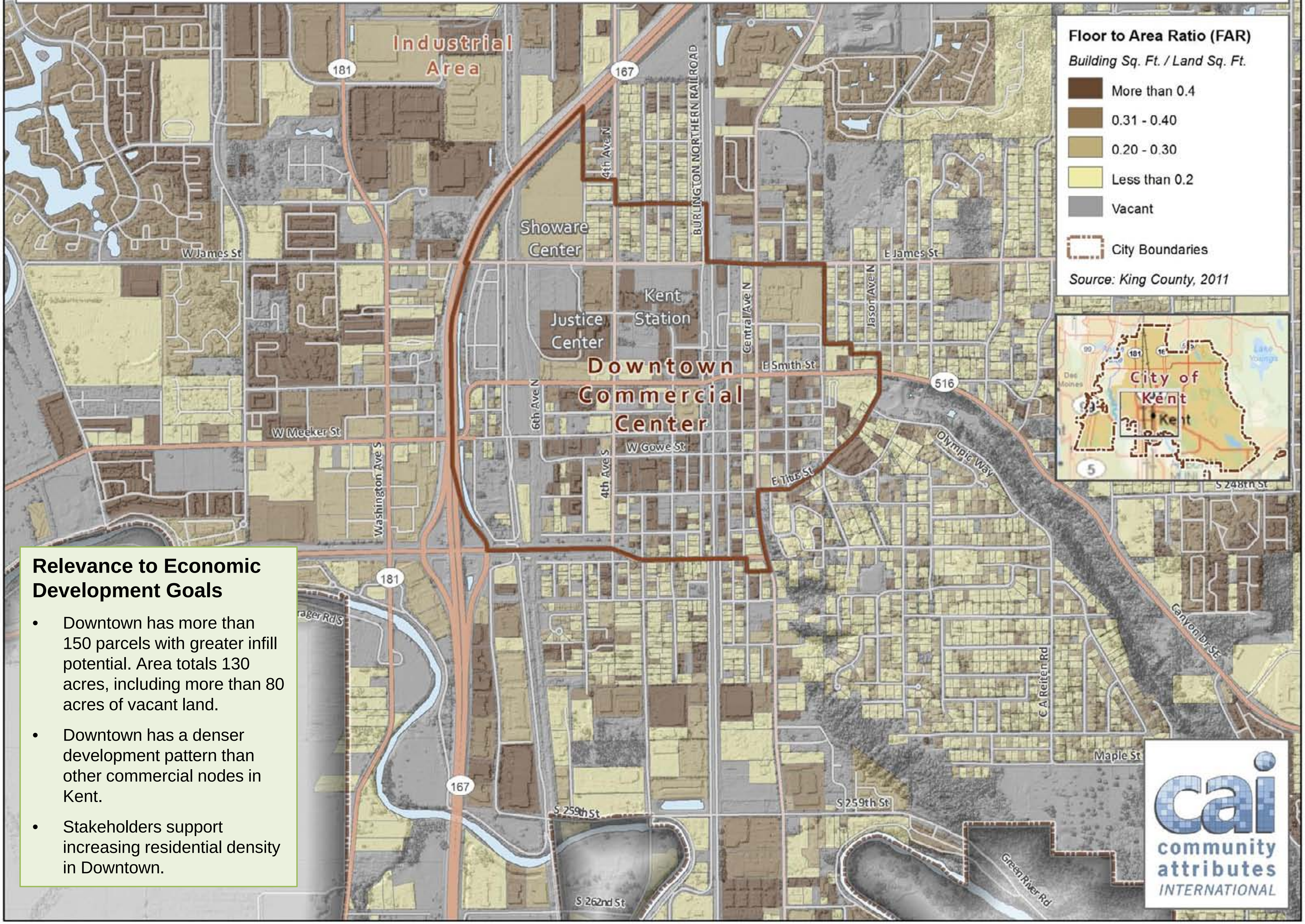
Exhibit 24
Kent Commercial Land Area by FAR Range and Greater Infill Potential, 2011



Source: King County Assessor, Community Attributes International (2011)

Exhibit 25. Downtown Redevelopment Considerations

DISCUSSION DRAFT

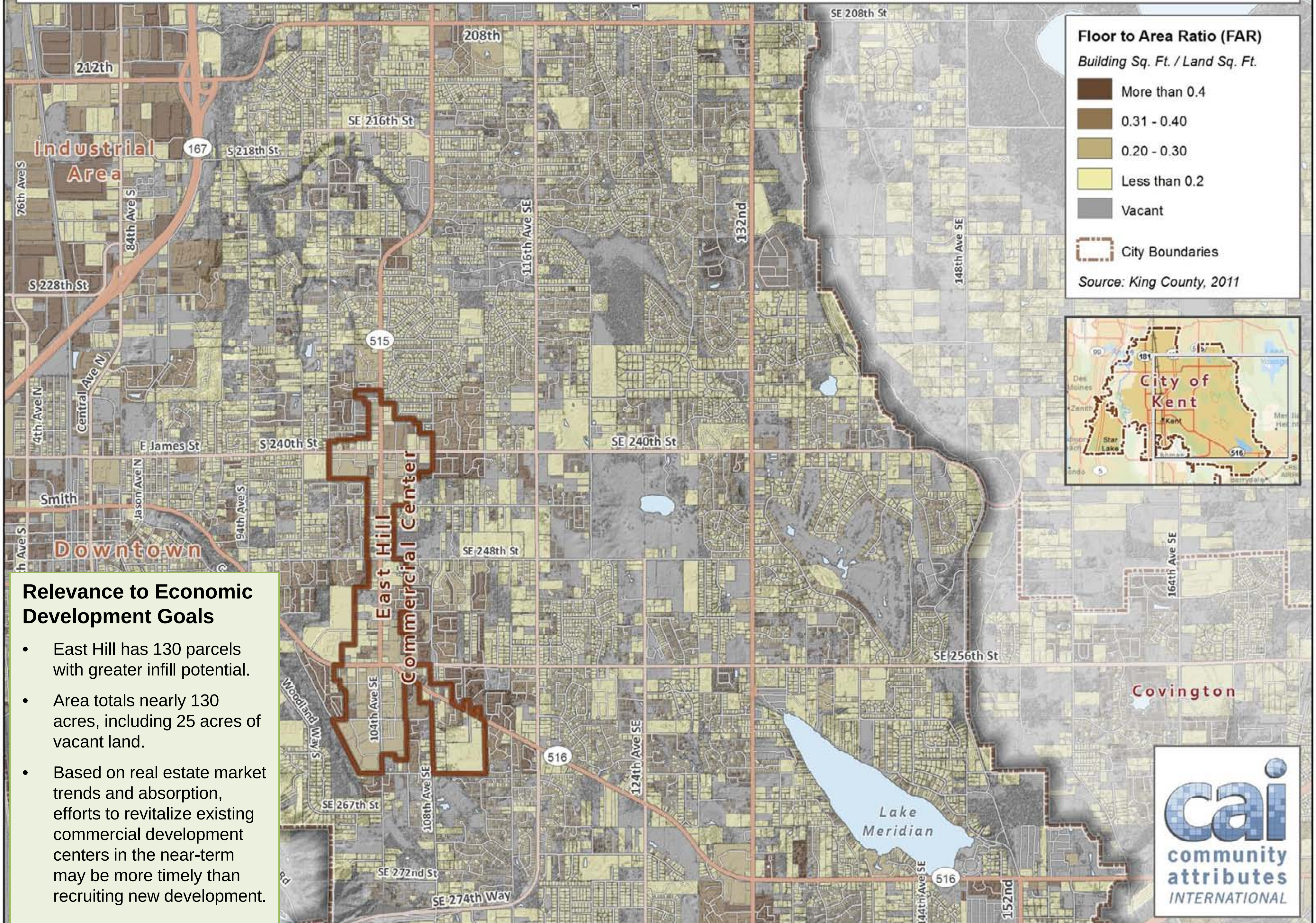


Relevance to Economic Development Goals

- Downtown has more than 150 parcels with greater infill potential. Area totals 130 acres, including more than 80 acres of vacant land.
- Downtown has a denser development pattern than other commercial nodes in Kent.
- Stakeholders support increasing residential density in Downtown.

Exhibit 26. East Hill Redevelopment Considerations

DISCUSSION DRAFT

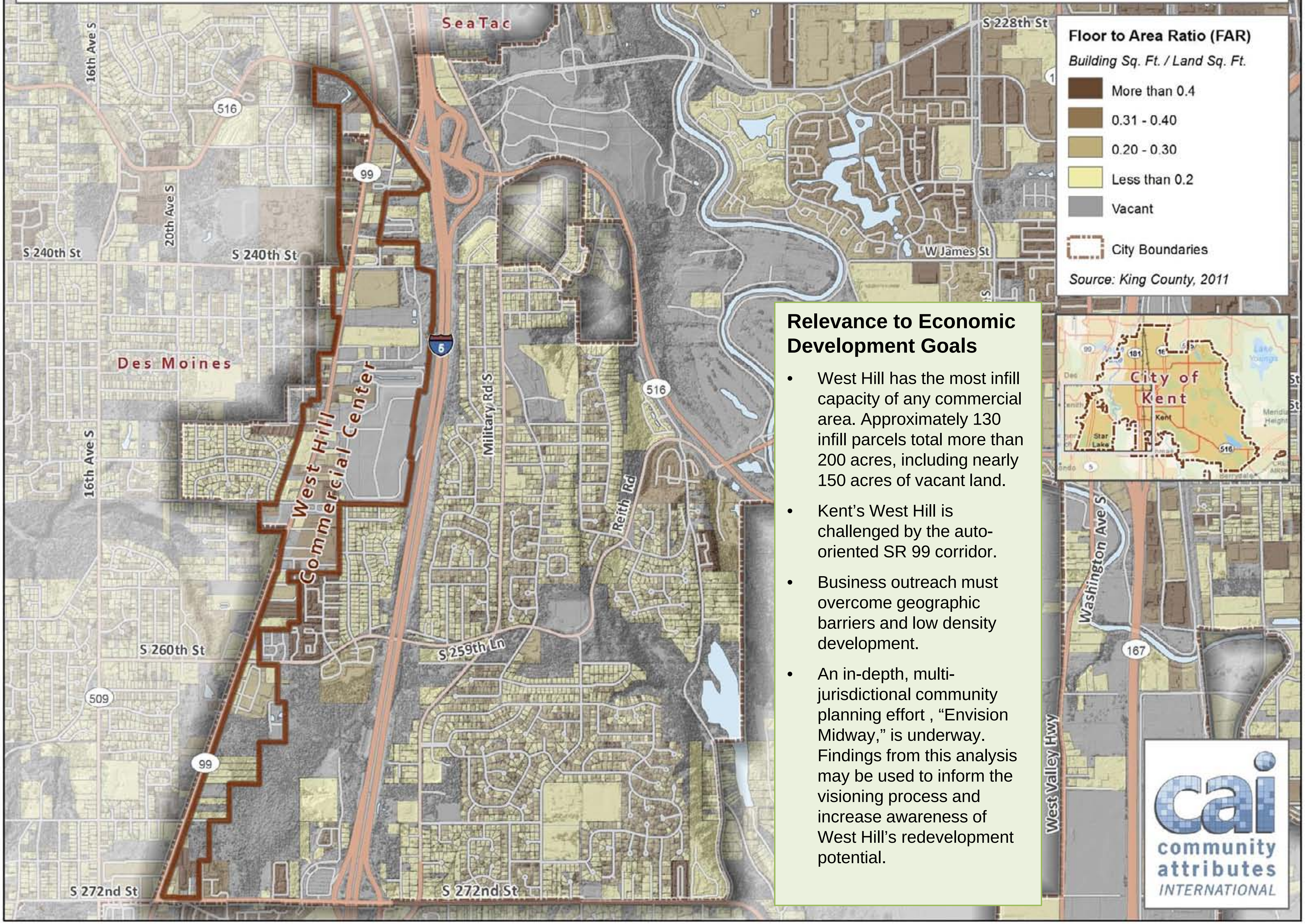


Relevance to Economic Development Goals

- East Hill has 130 parcels with greater infill potential.
- Area totals nearly 130 acres, including 25 acres of vacant land.
- Based on real estate market trends and absorption, efforts to revitalize existing commercial development centers in the near-term may be more timely than recruiting new development.

Exhibit 27. West Hill Redevelopment Considerations

DISCUSSION DRAFT



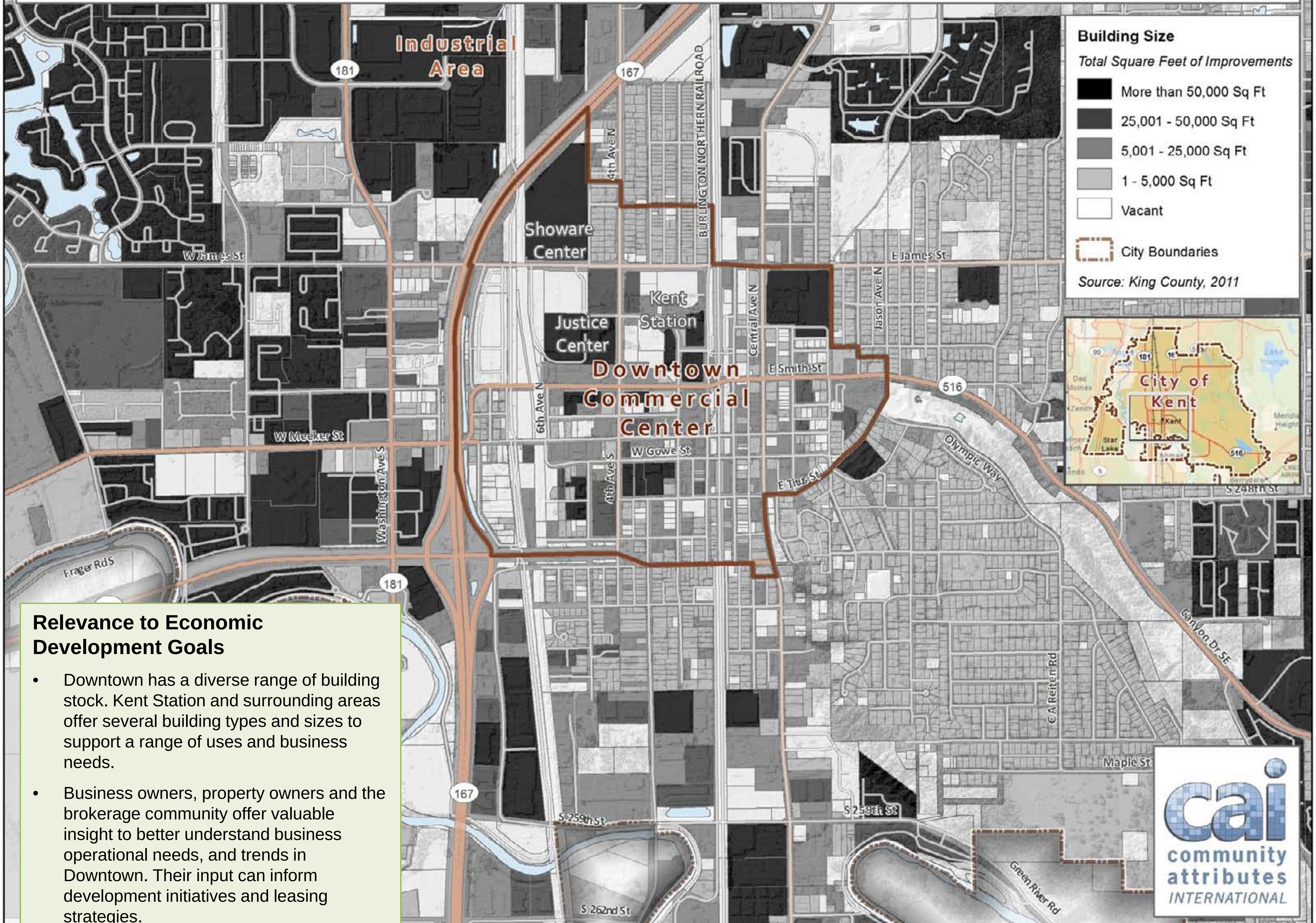
Relevance to Economic Development Goals

- West Hill has the most infill capacity of any commercial area. Approximately 130 infill parcels total more than 200 acres, including nearly 150 acres of vacant land.
- Kent's West Hill is challenged by the auto-oriented SR 99 corridor.
- Business outreach must overcome geographic barriers and low density development.
- An in-depth, multi-jurisdictional community planning effort , "Envision Midway," is underway. Findings from this analysis may be used to inform the visioning process and increase awareness of West Hill's redevelopment potential.

community attributes INTERNATIONAL

Exhibit 28. Downtown Building Size

DISCUSSION DRAFT

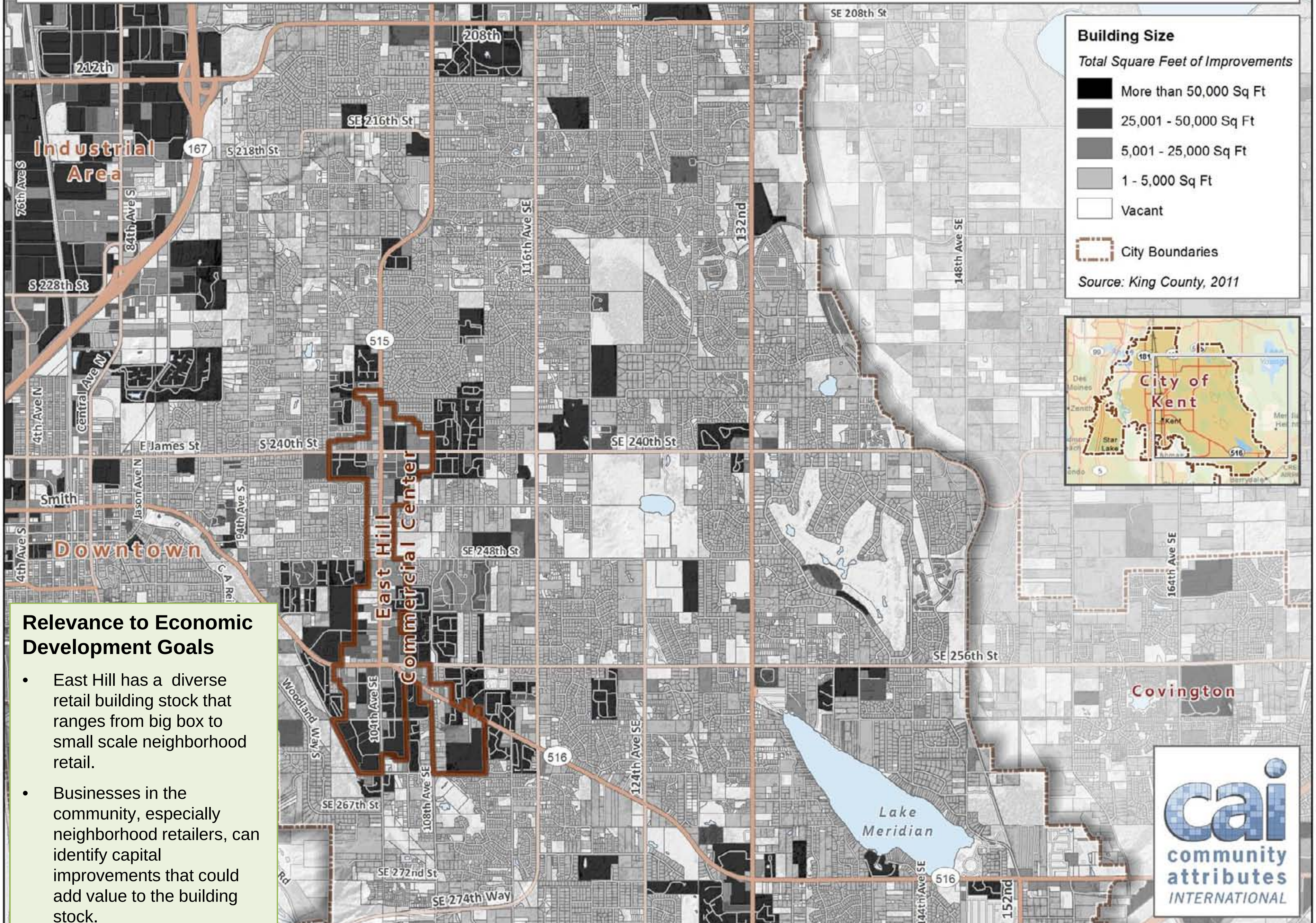


Relevance to Economic Development Goals

- Downtown has a diverse range of building stock. Kent Station and surrounding areas offer several building types and sizes to support a range of uses and business needs.
- Business owners, property owners and the brokerage community offer valuable insight to better understand business operational needs, and trends in Downtown. Their input can inform development initiatives and leasing strategies.

Exhibit 29. East Hill Building Size

DISCUSSION DRAFT

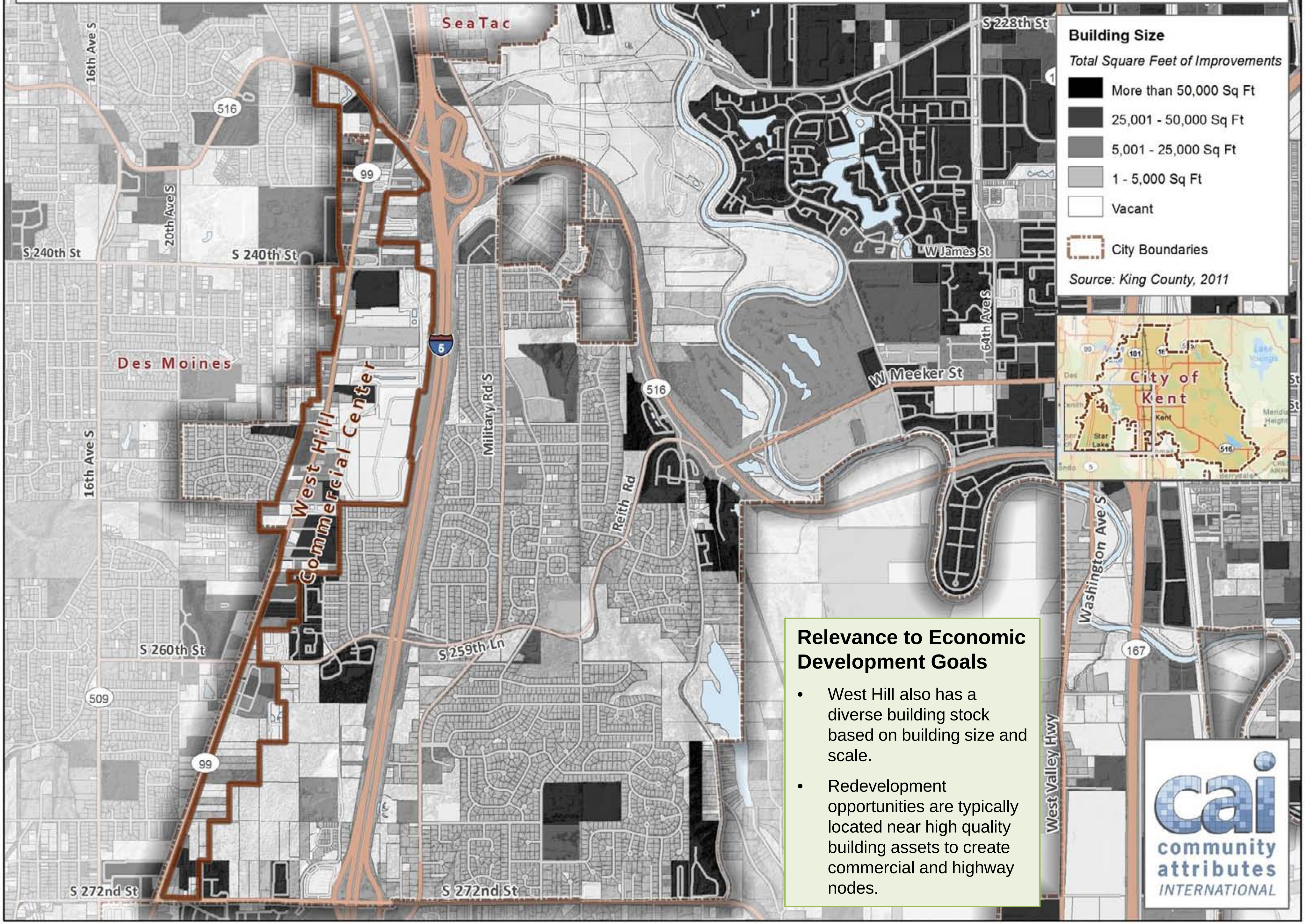


Relevance to Economic Development Goals

- East Hill has a diverse retail building stock that ranges from big box to small scale neighborhood retail.
- Businesses in the community, especially neighborhood retailers, can identify capital improvements that could add value to the building stock.

Exhibit 30. West Hill Building Size

DISCUSSION DRAFT

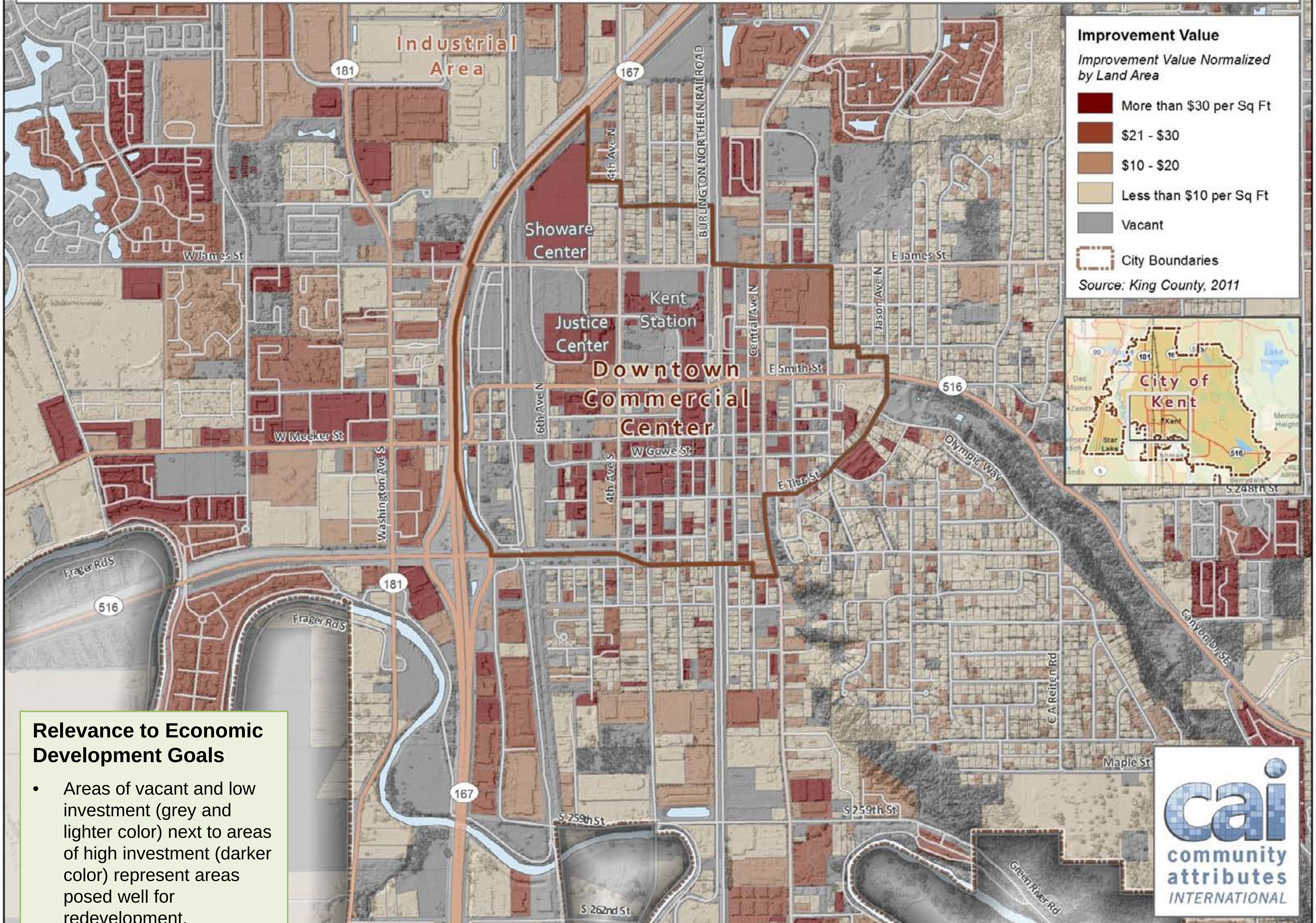


Relevance to Economic Development Goals

- West Hill also has a diverse building stock based on building size and scale.
- Redevelopment opportunities are typically located near high quality building assets to create commercial and highway nodes.

Exhibit 31. Downtown Improvement Value

DISCUSSION DRAFT

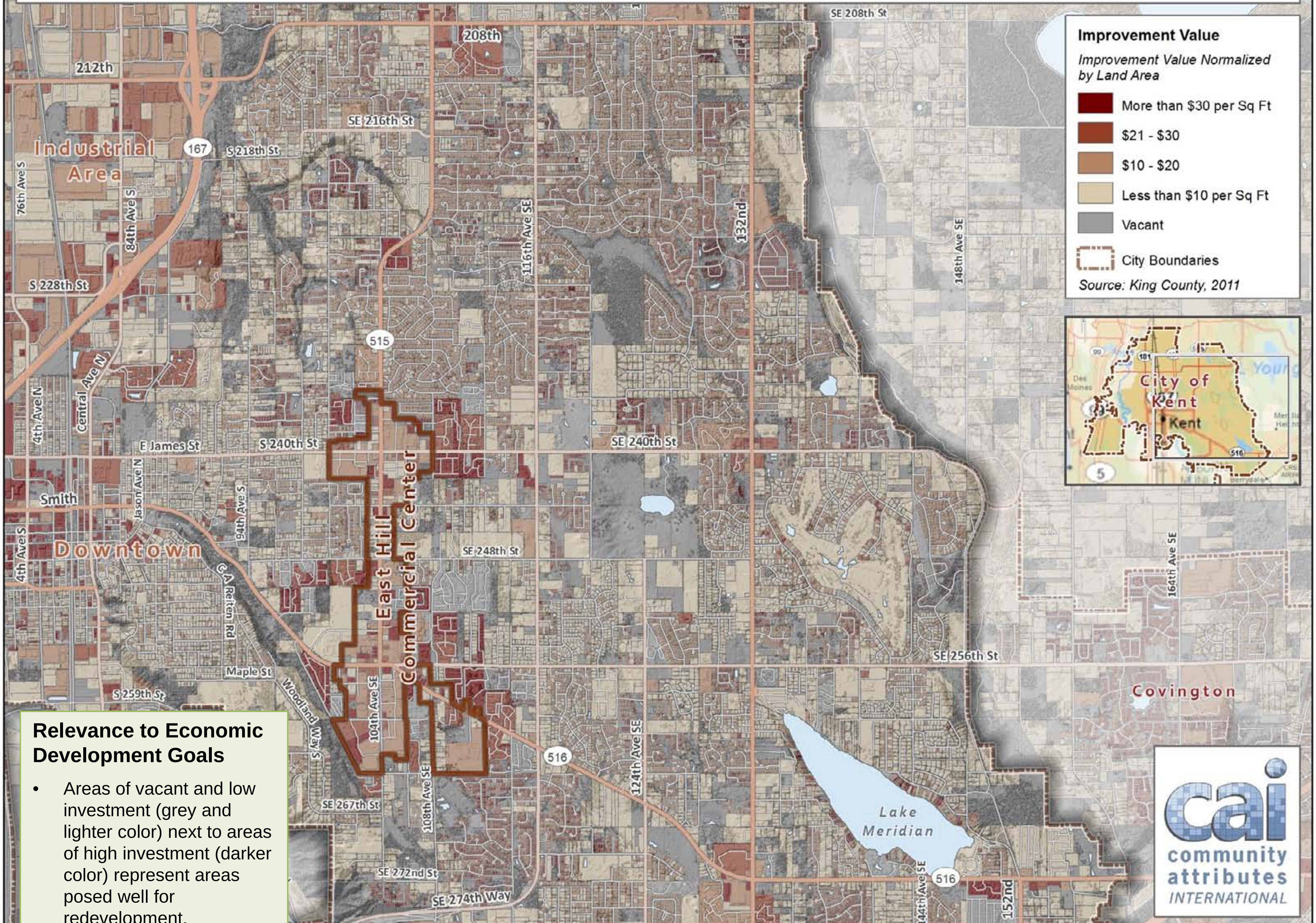


Relevance to Economic Development Goals

- Areas of vacant and low investment (grey and lighter color) next to areas of high investment (darker color) represent areas posed well for redevelopment.

Exhibit 32. East Hill Improvement Value

DISCUSSION DRAFT

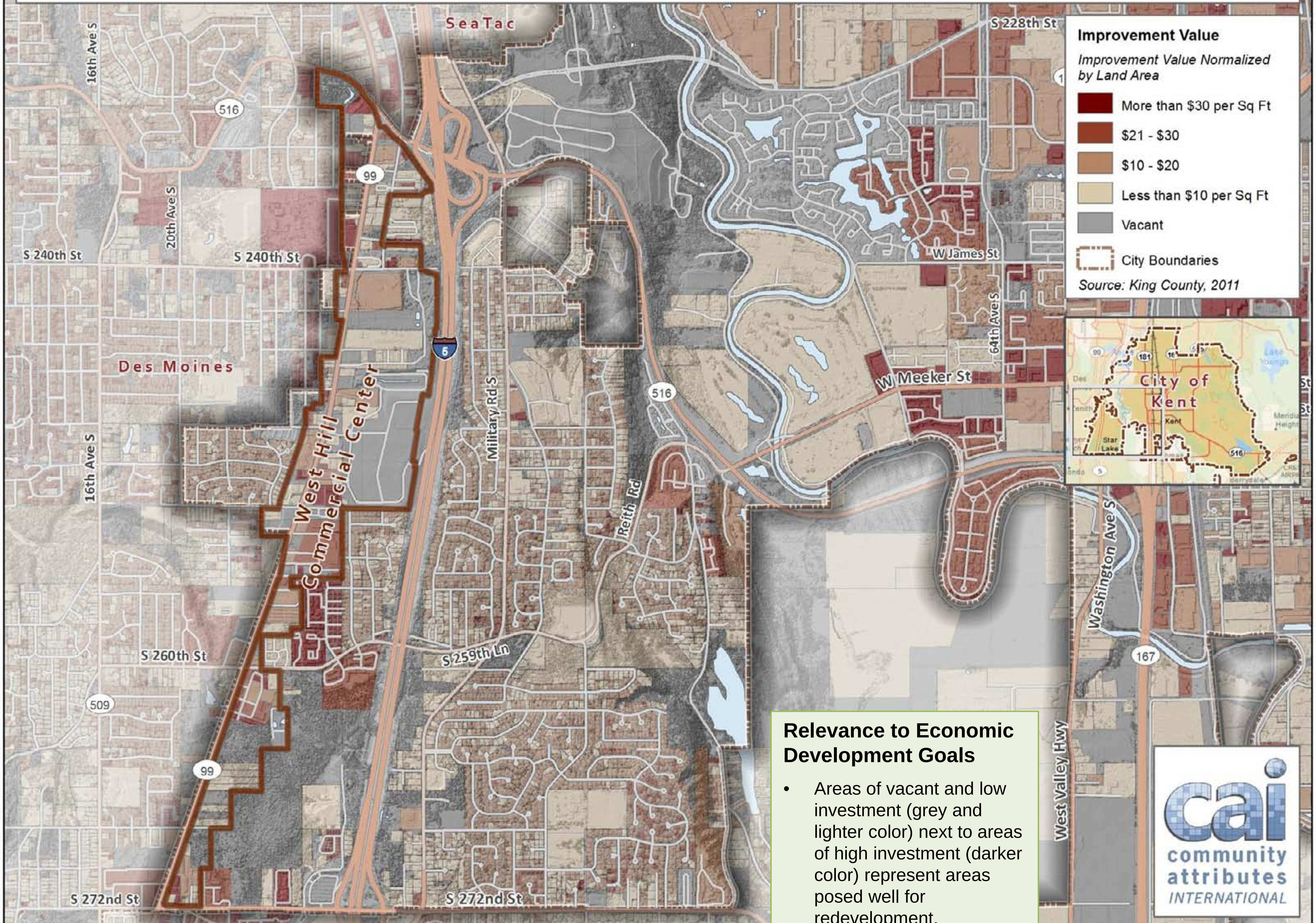


Relevance to Economic Development Goals

- Areas of vacant and low investment (grey and lighter color) next to areas of high investment (darker color) represent areas posed well for redevelopment.

Exhibit 33. West Hill Improvement Value

DISCUSSION DRAFT



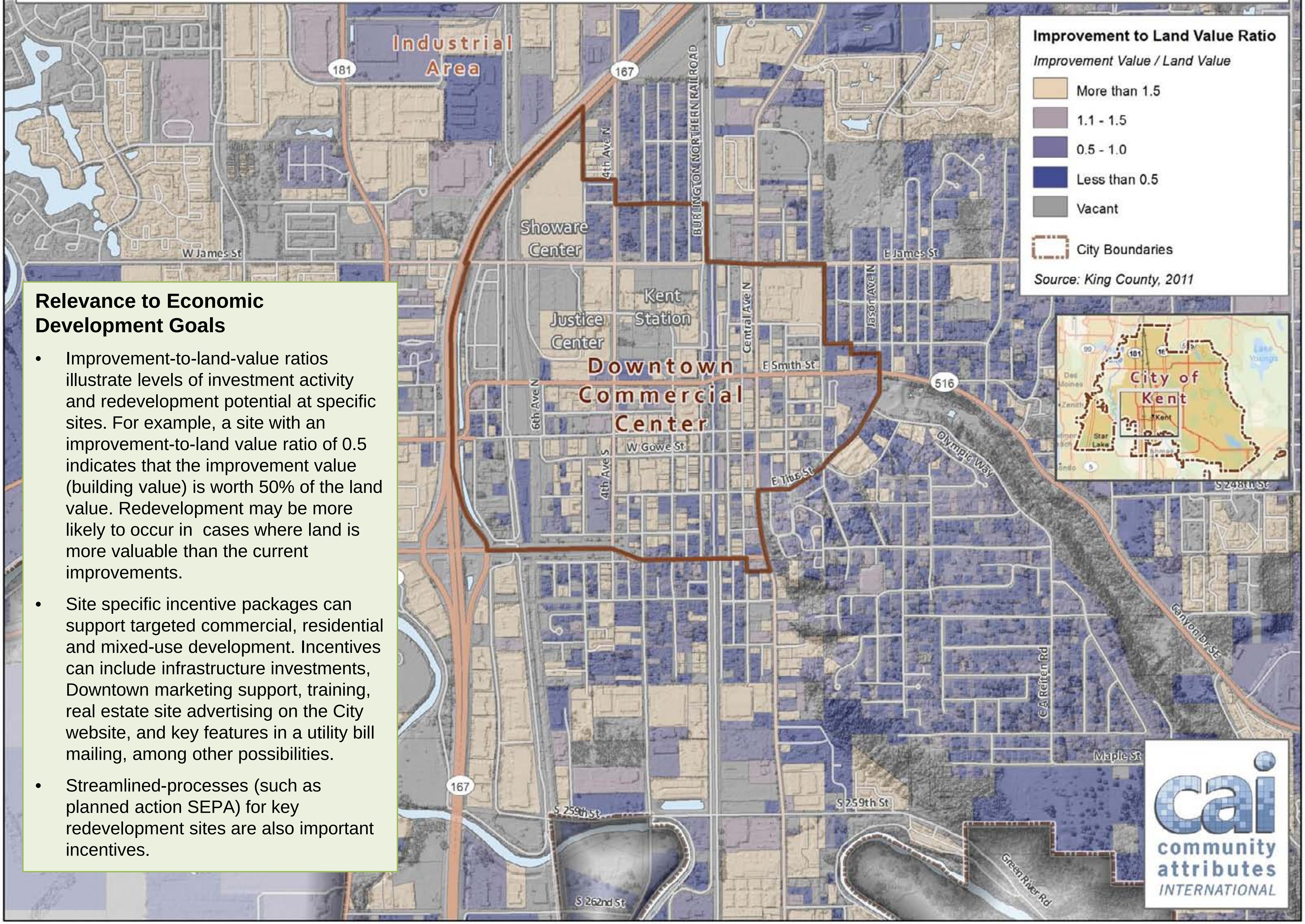
Relevance to Economic Development Goals

- Areas of vacant and low investment (grey and lighter color) next to areas of high investment (darker color) represent areas posed well for redevelopment.

community attributes INTERNATIONAL

Exhibit 34. Downtown Improvement Value-to-Land Value Ratio

DISCUSSION DRAFT

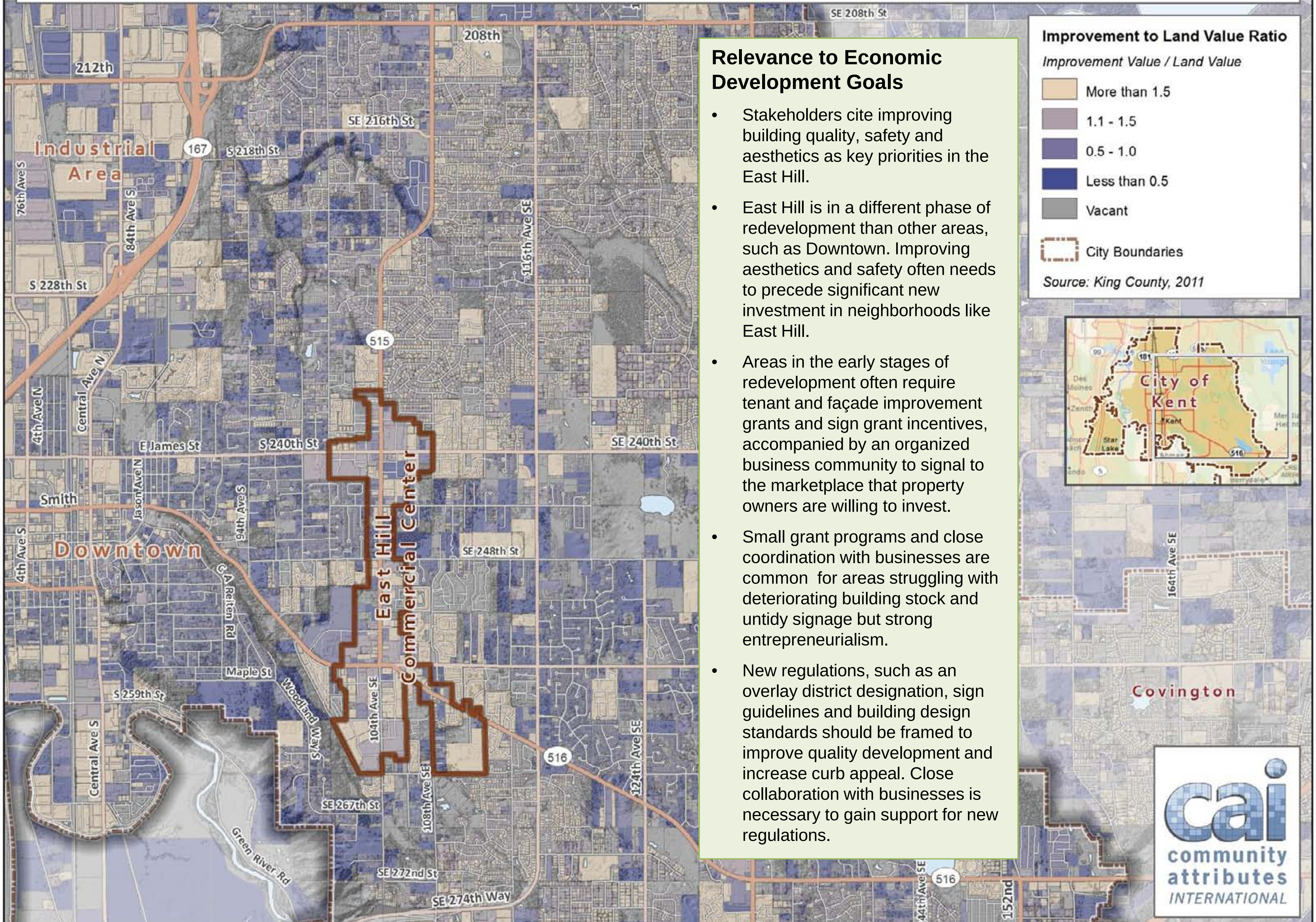


Relevance to Economic Development Goals

- Improvement-to-land-value ratios illustrate levels of investment activity and redevelopment potential at specific sites. For example, a site with an improvement-to-land value ratio of 0.5 indicates that the improvement value (building value) is worth 50% of the land value. Redevelopment may be more likely to occur in cases where land is more valuable than the current improvements.
- Site specific incentive packages can support targeted commercial, residential and mixed-use development. Incentives can include infrastructure investments, Downtown marketing support, training, real estate site advertising on the City website, and key features in a utility bill mailing, among other possibilities.
- Streamlined-processes (such as planned action SEPA) for key redevelopment sites are also important incentives.

Exhibit 35. East Hill Improvement Value to Land Value Ratio

DISCUSSION DRAFT

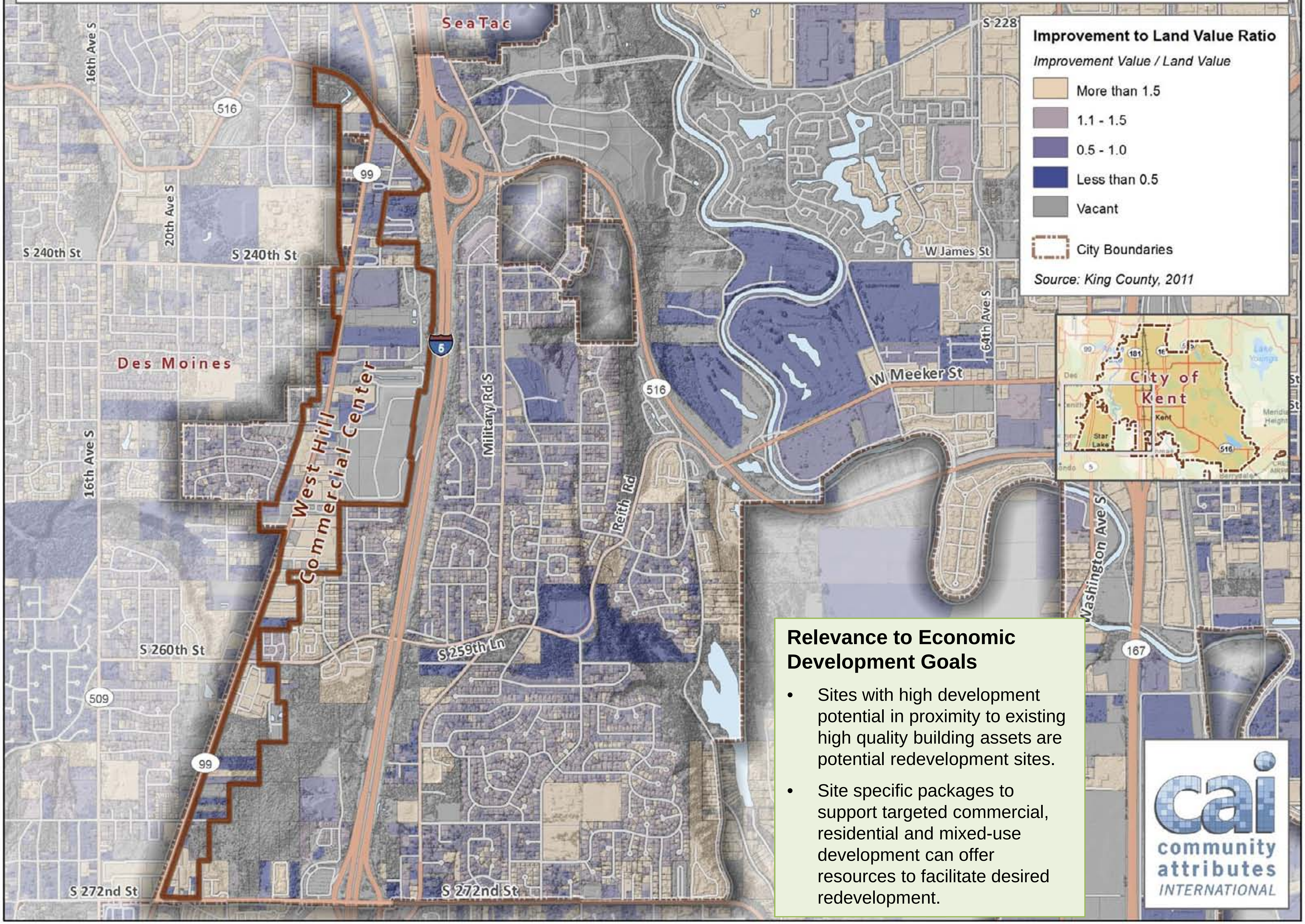


Relevance to Economic Development Goals

- Stakeholders cite improving building quality, safety and aesthetics as key priorities in the East Hill.
- East Hill is in a different phase of redevelopment than other areas, such as Downtown. Improving aesthetics and safety often needs to precede significant new investment in neighborhoods like East Hill.
- Areas in the early stages of redevelopment often require tenant and façade improvement grants and sign grant incentives, accompanied by an organized business community to signal to the marketplace that property owners are willing to invest.
- Small grant programs and close coordination with businesses are common for areas struggling with deteriorating building stock and untidy signage but strong entrepreneurialism.
- New regulations, such as an overlay district designation, sign guidelines and building design standards should be framed to improve quality development and increase curb appeal. Close collaboration with businesses is necessary to gain support for new regulations.

Exhibit 36. West Hill Improvement Value to Land Value Ratio

DISCUSSION DRAFT



Relevance to Economic Development Goals

- Sites with high development potential in proximity to existing high quality building assets are potential redevelopment sites.
- Site specific packages to support targeted commercial, residential and mixed-use development can offer resources to facilitate desired redevelopment.